Daily Report

Latin America

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Rio Group Summit Events in Quito 2-6 Sep

Parlatino Condemns Nuclear Tests

PY0509011195 Madrid EFE in Spanish
1828 GMT 2 Sep 95

[FBIS Translated Text] Quito, 2 Sep (EFE) — The Latin American Parliament (Parlatino) repudiated today in Quito the French and Chinese decisions to resume nuclear tests in the South Pacific and called for mobilization against the tests.

The repudiation of the French decision was proposed by the Guatemalan Congress in view of the concern about a new escalation of nuclear tests around the world, according to the Parlatino, installed in Quito for the holding of the Rio Group Summit on 4 and 5 September.

The Parlatino announced that "it will call on the members of the parliament to support all the legitimate mobilization measures against the French decision, and to express solidarity with the protests and actions of the pacifist and ecological movements against the nuclear tests, to preserve life on the planet."

The communique calls on the United Nations "to search, on behalf of the free peace-loving nations, for mechanisms of persuasion to stop the resumption of nuclear tests."

The communique reaffirms "its firm commitment to promote support, on the part of all nations, for the Nuclear Nonproliferation Treaty."

The Parlatino executive board was installed in Quito today to present to the Rio Group presidents the draft constitution of the Latin American Community of Nations.

Brazil's Maciel Replaces Cardoso

PY0409134395 Madrid EFE in Spanish
1733 GMT 3 Sep 95

[FBIS Translated Text] Quito, 3 Sep (EFE) — Brazilian Vice President Marco Maciel today became the first presidential delegate to arrive in Quito for the Ninth Rio Group Summit, which will be held here on 4-5 September.

Maciel's plane landed at the military base of Quito's Mariscal Sucre Airport at 1200 local time (1700 GMT), as scheduled.

Ecuadoran officials led by Vice President Alberto Dahik bestowed the protocol honors to Maciel, who will be replacing Brazilian President Fernando Henrique Cardoso at the summit.

Cardoso is the only president of a Rio Group member country who excused himself from attending this summit because the Brazilian Congress is now discussing a number of constitutional reform proposals which require his priority attention.

Peru Reopens Border With Ecuador

PY0409145595 Madrid EFE in Spanish
1409 GMT 4 Sep 95

[FBIS Translated Text] Lima, 4 Sep (EFE) — The radio station Radio Programas del Peru today reported that Peru today reopened its commercial border with Ecuador. The Peruvian-Ecuadoran border has been closed for almost seven months since the war that the two countries waged at the beginning of the year.

The border was reopened at 0820 local time (1320 GMT) in accordance with what Peruvian President Alberto Fujimori had announced in Quito where he is attending the Rio Group summit.

Peru's Fujimori Announces Border Opening

PA0309234495 Madrid EFE in Spanish
2303 GMT 3 Sep 95

[FBIS Translated Text] Quito, 3 Sep (EFE) — Peruvian President Alberto Fujimori announced today the decision of his government to reopen the commercial border with Ecuador, which was closed in the wake of the war staged between both nations from last 26 January to 28 February.

Alberto Fujimori described the decision as a gesture of goodwill on the part of Peru in the new stage of detente in which both neighboring nations are engaged.

The Peruvian president arrived in Quito today to participate in the ninth Rio Group Summit which begins tomorrow in the Ecuadoran capital and in the Andean presidential council meeting which will take place this coming Tuesday.

Peru's Fujimori on Ecuador Border

PY0409171695 Quito Voz de los Andes in Spanish
1200 GMT 4 Sep 95

[Report on news conference by Peruvian President Alberto Fujimori in Quito on 3 September; passages within quotations marks recorded]

[FBIS Translated Text] The presence of Peruvian President Alberto Fujimori in Quito has raised a great deal of both uneasiness and expectations among both foreign and Ecuadoran reporters and, obviously, among the Ecuadoran people.

In an unscheduled news conference, President Fujimori yesterday touched on some issues directly and openly.

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Among other things, Fujimori said that he has come to Quito because it is important for Peru and for all of Latin America to discuss these issues. He also made some major announcements, especially the reopening of the Peruvian-Ecuadoran border in Huaquillas.

"Frankly, it could be considered inadvisable for the Peruvian president to visit Ecuador amid the special circumstances stemming from the difficulties that have arisen in recent times, but I have decided that it is would be appropriate and necessary to attend these multilateral meetings.

"There is absolutely no reason for me not to attend, especially considering that, in addition to the invitation extended by the secretariats sponsoring these multilateral meetings, I have received the invitation of His Excellency, President Sixto Duran-Ballen."

We repeat, the Peruvian president said that the Ecuadoran-Peruvian border is now being reopened, especially in Huaquillas, which has been shut down as a result of the border dispute between the two countries.

"...the reopening of the Peruvian-Ecuadoran border through corridors in which a high level of security will be maintained. We hope that the border will in fact be reopened tomorrow. The reopening will naturally enable border trade to return to its prior level first and then to intensify and to gain strength and, at the same time, to promote the integration of our two sister nations by building stronger trade ties and economies."

Fujimori also made an announcement regarding the Ecuadoran-Peruvian bilateral negotiations regarding their border dispute. He said the negotiations are on the right track.

"We are well into the process of implementing the final steps included in the Itamaraty Peace Declaration. In fact, no one could state that we have not made progress. No one could state that there was a lack of interest on the part of any of the two governments. On the contrary, there has been an excellent disposition; I would say that there has been complete cooperation so that we can make progress in implementing the steps included in the peace declaration. This is why the MOMEP [Military Observers Mission Ecuador Peru]-I produced the separation of forces and created an atmosphere of military security; and MOMEP-II outlined the procedures to deal with minor incidents, which we hope will not occur, with the participation of both sides.

"Thus, the Itamaraty Peace Declaration is undergoing a process, which we can thus far describe as yielding tangible, positive results."

Fujimori described as positive the step taken by Ecuador in recognizing the Rio de Janeiro Protocol. He said the recognition was made in keeping with the terms of the protocol, with the participation of the guarantor countries. He described this as an important step, on which the two sides should continue to work.

"We considered it to be an important step which was taken within the framework of the Rio de Janeiro Protocol, within which we have to continue to work. Article 7 of the Rio de Janeiro Protocol also refers to the doubts or disagreements that may arise between the two sides on the border issue. Hence, those doubts or disagreements will be discussed within the framework of the protocol instruments and annexes, with the participation of the guarantor countries."

Fujimori was not clear regarding the Ecuadoran sovereignty claim over the Amazon River. He said the Rio Protocol empowers free navigation by Ecuador through the Amazon River, yet this does not mean that it entails free access. Ecuador demands free, sovereign access, without any restrictions, to the Amazon River.

"Regarding this issue, we must also refer to the Rio de Janeiro Protocol and to all related instruments. The Rio de Janeiro Protocol clearly establishes that Ecuador is entitled to free navigation toward the Amazon. These terms have been used. Thus, I repeat that respect for international treaties must prevail in the relations among states so that these relations may be very fluid."

Ecuadoran reporters reminded Peruvian President Fujimori about his remarks to the effect that he had come earlier to Ecuador as part of a diversionary tactic to put the Ecuadoran-Peruvian dispute aside and to devote himself to addressing Peruvian domestic conflicts and issues. In this respect, Fujimori said:

"Regarding this issue, I believe there have been various interpretations. I myself made a point of clearing it up, that the objective was in fact to create an atmosphere of relaxation that would enable our two countries to save large amounts of money. I even remember that, in one of my speeches, I said that instead of tanks and planes, it would be better for us to obtain bulldozers and tractors, and that we should save $500 million annually and build an atmosphere of domestic peace that would allow us to achieve development.

"I hope this did not raise protests. Rather I would like to state that the Peruvian and Ecuadoran Governments should sharpen their focus on waging war against the true enemy. Peru and Ecuador are not waging the true war among themselves, but against poverty, misery, unemployment, and against the drug trade, and other types of crimes. Thus, all our efforts are devoted to

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achieving integration and to building an atmosphere of peace so that we may be able to fight those evils.

"This is our purpose. This is why we are proposing that we save $500 million annually, which is perfectly feasible. Now, that we are taking these steps concerning the Itamaraty Peace Declaration, I believe it possible to do that.

"Naturally, I have come here first as president of the Republic of Peru, a member country of the Andean Pact and of the Rio Group, to attend these two multilateral meetings."

The presence of Fujimori in Ecuador, especially in Quito and in areas surrounding the Colon International Hotel, has raised both uneasiness and expectations among many Ecuadoreans. Approximately 200 people gathered in the area to protest Fujimori's presence in Quito.

Commenting on the way the Ecuadoreans received him, Fujimori said that this is just circumstantial event and it is nothing more than that.

"I can perfectly understand the exacerbations that can take place under these circumstances, but frankly, I regard them as positive because we should always have a positive approach in terms of restoring calm and tranquility in the relations between two sister nations, by putting things back on course as our two governments have done."

Rio Group To Promote Integration

PY0409165195 Madrid EFE in Spanish
0954 GMT 4 Sep 95

[FBIS Translated Text] Quito, 4 Sep (EFE) — The Ninth Rio Group Presidential Summit will open today in Quito with the objective of promoting the regional integration of Latin America and the Caribbean. The summit has a vast agenda encompassing economic, political, and social issues affecting the region.

The opening ceremony is scheduled to be held at 1200 local time (1700 GMT) at the Ecuadoran Cultural Center and will be attended by the 14 government leaders who arrived in Quito yesterday.

Sixto Duran-Ballen, the president of the host country, is scheduled to deliver the opening speech. He is to be followed by Brazilian Vice President Marco Maciel, representative of the country where the last summit was held.

The first draft of the agenda was outlined on 31 August when the Rio Group coordinating meetings were held and the declarations were reviewed yesterday by the foreign ministers of the member countries.

National delegations have informed EFE that the region's economic problems will be specifically addressed at the summit which will also propose modifying the international financial system in order to control the inflow of temporary short-term capital which has affected the entire region.

Regarding integration, the presidents will decide to reinforce the duties of the Latin American Integration Association and the Latin American Economic System, which should become the Rio Group's "technical arms" in charge of promoting regional integration and ties with other countries.

They will also discuss strategies aimed at promoting ties with the European Union and will assess the followup to the Summit of the Americas held in Miami last December, at which it was decided to establish free trade at the continental level as of 2005.

From the social point of view, the summit will propose the holding of an intercontinental meeting to discuss the poverty problem affecting the region.

Among other issues, it is expected that the summit will unanimously condemn corruption, terrorism, and narcotrafficking, but on this last issue there is some controversy over the achievement of an eradication strategy.

They will also discuss ways to use the investments made in the region, increase the use of the power produced in the area and strengthen "physical integration" which presupposes the strengthening of all transportation and communication systems.

In addition, it is expected that the summit will issue declarations requesting the United Nations to grant representation to the region at the Security Council and condemning the Chinese and French nuclear tests.

The chiefs of state of the Rio Group arrived yesterday. The arrival of Peruvian President Alberto Fujimori was the one that drew most attention because he was welcomed with cries of "assassin" and other insults by Ecuadoran nationalists. Fujimori also announced the reopening of the commercial border with Ecuador, which the latter had announced two months ago.

The other presidents who arrived in Quito include Carlos Menem of Argentina; Gonzalo Sanchez de Lozada of Bolivia; Eduardo Frei of Chile; Eduardo Samper of Colombia; Ernesto Zedillo of Mexico; Ernesto Perez of Panama; Juan Carlos Wasmosy of Paraguay; Julio Mari Sanguinetti of Uruguay; and Rafael Caldera of Venezuela.

Vice President Marco Maciel, arrived to represent Brazil; while Nicaraguan President Violeta Barrios de

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Chamorro, arrived in representation of Central American countries; and Lenny Saith, the vice president of Trinidad and Tobago arrived in representation of Caribbean countries.

It is expected that during the summit, the presidents will sign an act establishing the Latin American Community of Nations which, on the basis of the Rio Group, strives to become the main regional integration organization which proposes a common Latin American nationality.

During the Rio Group summit, numerous presidents are scheduled to hold bilateral meetings. Moreover, the Group of Three (Colombia, Venezuela, and Mexico) are also scheduled to hold a "summit."

The Rio Group summit is scheduled to close on 5 September with the signing of the Quito Declaration. Afterward, the Andean Pact summit is scheduled to be held in the afternoon with the attendance of the presidents of Bolivia, Colombia, Ecuador, Peru, Venezuela, and Panama, which has formally requested membership.

Duran-Ballen Opens Summit

PY0409210595 Quito Voz de los Andes in Spanish 1720 GMT 4 Sep 95

[Address delivered by Ecuadoran President Sixto Duran-Ballen at the opening ceremony of the Ninth Rio Group Presidential Summit held at the Ecuadoran Cultural Center in Quito — live]

[FBIS Translated Text] Your Excellencies Messrs. Presidents of the member countries of the Rio Group; Messr. Vice President of Brazil; Messr. Deputy Minister of Trinidad and Tobago [title as heard]; Messr. Vice President of the Republic; Messr. President of Congress; Messr. President of the Supreme Court; Your Eminence Cardinal Bernardino Echeverria; Messrs. former presidents of Ecuador; Messrs. heads of international organizations attending this summit; Messrs. foreign ministers of member countries of the Rio Group; Messrs. cabinet members of several member countries attending this meeting; Messrs. national coordinators of the Rio Group; Messrs. ambassadors and chiefs of missions of friendly countries; Messr. chief of the Armed Forces joint command and Messrs. commanders of the Army, Navy, Air Force and Police; high-ranking national and foreign authorities; ladies and gentlemen:

I am particularly pleased to give you a warm welcome, Messrs. heads of state and government, to this summit of the Rio Group.

Ecuador is deeply honored by your presence. We are also honored that the Rio Group, which constitutes the top-ranking regional consultative and political consensus mechanism, has chosen Quito to hold its ninth presidential summit, and we are certain that it will undoubtedly result in a new expression of the thought and political actions of Latin America and the Caribbean.

On behalf of the Ecuadoran people and their government, I wish you a happy stay in this noble Ecuadoran capital.

In view of the high-ranking level of this meeting, and the numerous heads of state present, it would be unfair to overlook the fact that this is the most important international meeting that has ever been held in our country.

I particularly wish to extend my personal greetings to those presidents who are attending this summit for the first time, both those who have been recently elected as presidents of their respective countries in election processes that characterize the democratic processes of our nations and those who are attending the Rio Group summit as representatives of Central American and Caribbean countries.

I am certain that like all the other heads of state, they will, with their outstanding intelligence, contribute their ideas and efforts to enrich the Rio Group and thus encourage us to implement the mandate with which the Latin American and Caribbean countries have entrusted us to strengthen the upholding of democracy, human rights and the achievement of development with social justice in our region through dialogue and political and economic consensus.

Over a period of nearly 10 years, and since the establishment of the Rio Group, the number of member countries has grown — today we are 14 — just as its political prestige has grown, both within and outside the region.

The firmness with which the Rio Group has upheld the objectives and principles established in the 1986 Rio de Janeiro Declaration has strengthened its role as a privileged interlocutor within the international concert of nations, particularly in view of the upholding of top-notch democratic practices.

Through the foreign ministers of our respective countries, the Rio Group has extended its ties with other countries and regions.

It is now holding annual institutionalized meetings with the EU, Japan, and the United States, and soon will meet with India and the CIS, which have expressed their interest in holding talks with the group.

We are living in a world which, as never before, is undergoing permanent and profound changes. We have

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witnessed the end of the Cold War, and understand the fact that unpredictable financial events can destabilize the economies of many countries. Therefore, the globalization of the economy, the internationalization of financial capital, the transnationalization of industrial process, a more open regionalization, and the opening of new markets are becoming very important.

All of these aspects represent a challenge that demands urgent attention, and they should be viewed as interrelated in terms of finding an urgent solution to problems that are more or less common, such as extreme poverty, poor public health conditions, deficiencies in basic education, shortage of housing affecting all socioeconomic levels, and the preservation of the environment, which is closely linked to the overall development of our region.

We obviously need to continue to promote the respect for and defense of representative democracy, of the state of law, and of the full range of human rights. It is also urgently necessary for us to reduce the size and role of the state structure, to modernize our institutions, to improve the efficiency of the public administration, and to promote social justice. This is a permanent task which inspires our actions.

Despite our efforts, we have not been able to eradicate either drug trafficking or drug-related crimes. We need to have more efficient solutions to this problem through coordinated actions with the countries that have a high consumption rate of psychotropic substances. Also, irrespective of their domestic criminal laws, all countries must take firm, joint action to eradicate the scourge of terrorism.

Corruption has unfortunately become a generalized social illness, not only in Latin America, but in other regions of the world as well, both in the developing and the industrialized countries. The many forms of corruption have tarnished the image of the public and private institutions of so many nations. Therefore, in order to consolidate democracy and pave the way toward a promising future for our societies, we have the responsiblity of not only reaffirming the need to fight this scourge, but also to implement the necessary measures to establish a clear, depoliticized, and reliable judicial system. It is also necessary to establish suitable administrative methods, and, in particular, to strengthen and discipline individual and social behavior, in addition to the need to promote the observance of moral and ethical principles in our acts. This must be a common action in all the countries of our region.

Peaceful coexistence among nations will continue to be based on a balanced implementation of those principles that are the pillars of the regional legal system: the right to self-determination, which can be only fully expressed through a democratic system of popular elections; nonintervention in the domestic or foreign affairs of other states; a peaceful solution to controversies; the prohibition of threats to use force; the legal equality of all states; social security and justice; and the right to sustainable development.

The basic objectives of the Rio Group policy are obviously imbued with these principles. If one examines the Rio Group objectives, one can see that they reflect the application of the above principles with a broad sense of cooperation, dialogue, and integration, through which they acquire dynamics and a practical aspect.

Yet, peaceful coexistence; that is, international peace, cannot be achieved merely by complying with the aforementioned basic principles. It also requires mutual trust, disarmament or a reduction of armaments, and the assurance that relations among states will not be interrupted or affected by mistrust or threats, or to avoid a constructive dialogue. I sincerely trust that the Rio Group will use its influence to support the maintenance of this atmosphere, which will always be vital in securing friendly relations among our peoples and states.

The quest for and the strenthening of the atmosphere of peace is also a fundamental part of the goals of the United Nations and the Organization of American States. The possible reform of the UN Charter, among other aspects with a view to expanding the number of members of the UN Security Council, will no doubt contribute to giving a greater depth to its task and a more equitable representation at that universal forum.

The 50th anniversary of the United Nations should not only mark an opportunity for a pleasant celebration, but also a new starting point that may take into account past experiences to be better prepared to deal with present and future problems through more effective, equitable international cooperation. Through this cooperation, we, the developing countries, may be able to achieve the much desired well-being of our peoples.

Latin America and the Caribbean have become the first regions free of nuclear weapons. We are pleased with the renewal of the Nuclear Nonproliferation Treaty, and we should support efforts to bring about a sucessful conclusion to negotiations aimed at the signing of a treaty providing for a total ban on nuclear tests.

The process of restoring peace following the Ecuadoran-Peruvian conflict has elicited encouraging remarks from the EU and Rio Group foreign ministers during their fifth institutional meeting held in Paris in March, and at the Group of Seven summit held in Halifax in June.

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The Rio Group has earlier stated its deep concern over this type of controversy. Thus, the 1992 Buenos Aires presidential declaration emphasized the significance of dialogue between contending parties in finding a peaceful solution to territorial disputes in Latin America.

Thus, my country is pleased with the agreements reached through the Itamaraty Peace Declaration, which was confirmed by the Montevideo Declaration. These documents have been instrumental in restoring peace between Ecuador and Peru, and will certainly enable us to move toward a solution to the territorial dispute. This solution would allow both countries to devote their efforts primarily to promoting development and mutual cooperation, and thus accelerate the integration process to meet both the aspirations of our two peoples and the policy inspired by the Rio Group. [applause]

I want to take this opportunity to express the Ecuadoran Government's thanks to the governments of Argentina, Brazil, Chile, and the United States, which effectively helped — and continue helping — with the task of restoring peace.

I am convinced that given their high spirit of Americanism, they will continue rendering their valuable support to attain the final objectives. [applause]

I want to reiterate here that my administration is firmly determined to continue to move toward fully normalizing relations with Peru with a view to achieving a peaceful, dignifying, just, and final solution to the territorial process. [applause]

Latin America and the Caribbean have given clear signs of recovery from the economic crisis they experienced during the past decade, and our states are clearly progressing in their various development process, with an acceptable growth rate. This fact, in addition to a greater stability and stronger democratic institutions, has been instrumental in attracting foreign investments and the installation of major international companies in the region. This recovery, however, has its weak points that force us to remain alert.

Trade has intensified within the region as well with as our main trade partners from outside regions. There are still problems that are hurting our chances of increasing our exports and, consequently, our chances of obtaining more foreign currency, which is essential for us to implement development programs, especially those of a social nature. I trust that the WTO will become a fair, appropriate forum for removing those obstacles that undermine free trade and for making global trade more dynamic.

Integration is a basic promoter of development. The different subregional organizations continue with their process of consolidation. The expansion of the process of hemispheric integration forces us to seek a coordinated and convergent harmonization among the several organizations to avoid duplication of efforts and expenses.

The meeting that took place here among the top representatives of the CELA [Economic Commission for Latin America], ALADI [Latin American Integration Association], and the Rio Group constitutes new support for our efforts geared toward the objective of improving our negotiating capability. We expect that the Andean summit that will begin tomorrow in this capital will likewise reach agreements of the same kind.

As a result of the Miami hemispheric summit, we are now engaged in a far more ambitious project. Our region will have to step up the fight against corruption, drug trafficking, and terrorism. Our region will likewise have to support measures of promotion, trust, and cooperation in the field of culture, energy, and technology. We must, in addition, eradicate poverty and guarantee sustainable development and the preservation of our environment, as well as defend human rights and the democratic system.

We have assumed these commitments, and today we are reiterating them. Therefore, our countries are dedicated to following up on the actions approved at the Miami summit. This is why meetings were held among the respective officials of the friendly countries and Canada to facilitate realization of the agreements that were reached on that occasion and to reach the goal of turning our continent into a free trade area by the beginning of the next century.

The contribution of the Rio Group to this process has been important. We hereby point out the document presented last July in Haiti during the follow-up meeting that took place simultaneously with the 25th OAS General Assembly.

Messrs. heads of state, all these processes would lack content had we not sought to turn them into the most adequate means of attaining our final and permanent objective; that is, the common well-being of all social classes, especially the poorest, whose faith in a better future we must assure.

It is essential to seek, together with the developed countries, the mechanisms that, without harming foreign investments, will allow us to adopt appropriate precautions against the inflow of speculative capital, which seriously harms our economies. The carambola effect [financial crisis caused by capital flight] is extending itself to various countries of the world, and threatens not

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only financial stability, but political and social stability as well.

Messrs. heads of state and government of the Rio Group, I am pleased to declare this meeting open. Latin America and the Caribbean have once again set their sights on our deliberations. I am sure that the results of these talks will further consolidate our will to make progress toward our objective of transforming our societies and of solving the problems that affect our peoples. All this coincides with our wish for a better continent of the Americas, a better region. Thank you. [applause]

Sanchez de Lozada Addresses Summit

PY0509021895 Quito Voz de los Andes in Spanish 1745 GMT 4 Sep 95

[Speech by Bolivian President Gonzalo Sanchez de Lozada at the opening ceremony of the Ninth Rio Group Presidential Summit held at the Ecuadoran Cultural Center in Quito — live]

[FBIS Translated Text] Do not be alarmed! I lost the speech. I believe you have been spared of it! [laughs]

Your Excellency, Sixto Duran-Ballen, the constitutional president of the Republic of Ecuador; the Rio Group presidents; the Brazilian vice president; the vice prime minister of Trinidad and Tobago; the constitutional vice president of the Republic [of Ecuador]; the president of the Ecuadoran Congress; the president of the Supreme Court; Your Eminence Cardinal [name not given]; former presidents of the Republic of Ecuador; heads of international organizations; foreign ministers of Rio Group countries; ministers of state; Rio Group national coordinators; Andean Group ambassadors and chiefs of mission; chiefs of the Ecuadoran Armed Forces; ladies and gentlemen:

I want to begin by thanking Sixto Duran-Ballen, the president of the Republic of Ecuador and a friend of mine, and the Ecuadoran people for receiving us and treating us with so much consideration and affection.

I also want to ponder on the significance of the Rio Group. We are aware that it is a top mechanism for consultations and political agreements. Nevertheless, the Rio Group is an extraordinary mechanism because it has not had any bureaucracy.

The Rio Group has been absolutely flexible in addressing the significant problems affecting our continent, our Latin American family.

In my opinion, the fact that Bolivia will receive during this summit the pro tempore secretariat for the next Rio Group summit in Cochabamba, Bolivia, indicates that the Rio Group probably is the most effective organization that we have in our political life to cope with internal problems and with the rest of the world.

The Miami Summit, where the Rio Group was the internal mechanism that represented the beliefs of the Latin American community and drew up the action program [plan de accion] and the agenda for that important summit, represents a great example.

Emphasis has also been placed on the great importance of the meetings between the EU foreign ministers and Group of Eight foreign ministers. The Rio Group actually represents a valid interlocutor for establishing relationships with a changing world, a world that will become multipolar. The Rio Group will permit us to have relationships and gain access to markets, cultures, and processes that cannot be reached by other mechanisms that are more formal and less effective. The Rio Group also is a mechanism that transcends bilateral problems.

Through the Rio Group, I was able to visit a neighboring country with which we do not have diplomatic relations in an atmosphere of friendly informality. I also had ample access to the public and authorities of this country.

At this difficult juncture in the relations existing between two sister nations, we hail the presence of [Peruvian] President [Alberto] Fujimori at this forum. This goes to prove that on this occasion, which is [words indistinct] and untrammeled by protocol, we have an opportunity for holding talks and for solving these bilateral problems and even very important multilateral problems.

I would now like to raise a subject that, in my opinion, should be given careful consideration, and that requires a decision by and the support of the Rio Group — the problem of drug trafficking.

All our countries are either drug-producing countries, transit countries, or consumer countries. Although everybody agrees that this is a shared problem, a common front has not been established to address this problem.

We must realize that this is too formidable an enemy to confront under pressures or criticism. We must confront it within the framework of a process and a policy on which there is total consensus. Together we will thus be able to vanquish an enemy that is greater than any one of us taken in isolation.

It is also an irony that after a few years of making arduous efforts to open our markets to capital flows, we should be talking at this meeting of the dangers of capital movements. Nevertheless, I think this reflects

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what the Rio Group is all about. Here we are discussing harsh, but real, things. When one has to manage an open market, one must have more discipline, one must be more efficacious, and one must support greater openness than in the past, when one operated with other markets that could be controlled through different procedures. The dynamics of the process of integration -- which is a great challenge in terms of creating new jobs, trying to abolish poverty, realizing a just society — obliges us to think at this moment, when the World Women's Forum is being held in the PRC, that the nations that have achieved development and progress are the ones that have invested in women's education and health care, the nations that, rather than demanding that women fulfill their duties, acknowledge their rights. The reason why this is very true in our countries and in many other countries in the world is that women are basically the ones who work. So whenever women receive education, health care, and attention, economic and social development indicators automatically begin to improve.

I think that as long as we keep a watchful eye, this democratic stage in which we find ourselves has the tools, the identity cards — which in our country nearly one-third of the population, notably women, lacks — so that politicians may score the democratic victories that a democratic system needs, and we can increasingly meet the needs of women in a more creative, serious, and efficient way. This is not only a social demand but an imperative.... [remarks apparently interrupted at this point; announcer cuts in, saying: The best image of the Ecuadoran Andes....]

[Sanchez de Lozada continues] ...I would also like to refer to a subject that elicits great consensus, but not much action — the subject of sustainable development. In this aspect, as in many others, Bolivia is at the forefront.

We have organized, or reorganized, the executive branch around the Ministry of Sustainable Development and Environment. When developed countries tell us we cannot afford to achieve development like they did by destroying their environment, we are aware of the fact that our countries must gradually find the way to make economic growth and development compatible with the reality of the environment so that development can be sustainable.

The essence of this reality should be summarized in a political decision here in the Rio Group. Such a decision should attempt to guide the development of our continental infrastructure — this is one of the great challenges of our political, economic, and social development within the framework of the environment — so as to maintain environmental quality and allow future generations to also enjoy the legacy of God, which we are obligated to hand down to posterity.

As is often the case with many issues, we receive suggestions from abroad. We are given lessons by those who have not practiced what they preach, but who want us to learn anyway. This group must have the capability of clearly and frankly devising a manner by which we can achieve the development demanded by our people while still preserving the environment. This reminds me of a saying a peasant once told me: God pardons always, man sometimes, and nature never.

Therefore, within this framework of challenges posed by the reality I just described, I once again want to thank the Ecuadoran people, represented by our dear friend, President Sixto Duran-Ballen.

I want to state that in the bilateral and group meetings that are taking place, the presidents express with frankness and clarity their criteria and concerns. I want to say that this is not just one more meeting. It cannot be judged by its final declaration or by the documents that it will produce because it is a frank meeting among a relatively small group of men — who govern their countries by the will of their peoples — who are discussing with frankness and humility the terrible problems endured by our peoples. You can be sure that this effort will not be in vain. Thank you. [applause]

Parlatino Head's Speech

PY0509151595 Quito Voz de los Andes in Spanish 1801 GMT 4 Sep 95

[Address delivered by Venezuelan Senator Humberto Celli, president of the Latin American Parliament at the opening ceremony of the Ninth Rio Group Presidential Summit held at the Ecuadoran Cultural Center in Quito — live]

[FBIS Translated Text] Your Excellency Ecuadoran President Sixto Duran Ballen, honorable presidents and chiefs of state of the Rio Group, Messrs. foreign ministers; Ecuadoran civilian and military authorities; ladies and gentlemen:

On behalf of the Latin American Parliament board I am honored to present to your excellencies, chiefs of state and government of the member-countries of the Rio Group, the Act of Intent Establishing the Latin American Community of Nations [CLAN] which was studied by the group of experts and coordinators of the Rio Group and approved by the honorable foreign ministers in the beautiful and friendly city of Quito this May.

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This Act of Intent fulfills what was established in the declaration issued by the 13th Latin American Parliament General Assembly held in Cartagena de Indias in August 1991 which proclaimed the imperative need for establishing the CLAN based on the premise that it will not become another international bureaucratic organization.

We are convinced that the integration of Latin America and the Caribbean will lead us through paths of unity and strength. At this time I believe it is befitting to repeat what I recently stated at the Forum on Financial Crisis and Adjustment Policies in Latin America held at our headquarters in Sao Paulo on 17 February.

Latin American integration is important because the collapse of the Soviet world signified the end of bipolarity at the political and ideological levels.

It is valid to draw attention to the fact that the United States has overlooked an economic and industrial phenomenon that has emerged in view of the collapse of bipolarity: the emergence of a tripolarity at the economic and industrial levels.

First, we have the group of Asian countries, constituting the first pole; second, the European Union [EU], which now encompasses former communist countries, constituting the second pole; and third, North America, constituting a third pole.

If the United States does not become aware of the need to contribute to the development and strengthening of the economies of Latin American, in the coming years it runs the risk of becoming isolated and under the sway of Asia and Europe, from an industrial and economic standpoint.

So that the United States may make an effective contribution to our development, it is imperative for Latin America to be united. Our integration is imperative so that we may establish a true reciprocal market between North America and Latin America to thus become a true dynamic and thriving pole to be able to successfully enter in and compete with the EU and the rest of the world.

On 7 November 1994 the Rio Group technical task force recommended that the Latin American Parliament draw up a draft act of intent to establish the CLAN. It also recommended that in order to promote a common Latin American identity and to surmount the barriers hampering free trade between the nations, the said parliament must resolutely further the signing of agreements on dual citizenship and multiple citizenship among the countries of the region.

We carried out this important work and we are submitting it for your consideration. We have been inspired by great objectives that reflect the urgent needs of people such as the democratic stability of our institutions and respect for human rights, the balanced development of our countries in the social, economic, and ecological aspects, the establishment of the common Latin American citizenship, the solidarity of our nations, their effective participation in the new international order, and a juridical framework to insure the coordination of the current integration process and activities, and to ensure that the rich heritage of the regional and subregional institutions adapt themselves to become key elements to sustain the CLAN.

We envision Latin America and the Caribbean as a bloc of democratic nations capable of reaching sustainable development based on political pluralism and regional integration. Our forefathers, who forged the Latin American presence in the world, stated in many of their writings, especially in their independence proclamations, the idea of integration of the continent. In fact, the armies that gave us freedom practiced them in their multinational conformation. In this regard, an outstanding event occurred in the last century when a programmatic definition contained in the communal ideal of liberator Simon Bolivar became materialized in the congress summoned under that premise.

Therefore, the CLAN is the conclusion of many plans and hopes of thinkers and fighters of our people. You, as chiefs of state and governments, have the historic opportunity to make the dreams of the creators of the Latin American nations a reality by signing this document which the Latin American Parliament delivers today as a proposal to create the CLAN. Thank you very much, chiefs of state and governments and foreign ministers for your support for this initiative. Thank you very much.

Group-of-Three Presidents Speak

PY0509181195 Madrid EFE in Spanish 1921 GMT 4 Sep 95

[FBIS Translated Text] Quito, 4 Sep (EFE) — The presidents of Colombia, Mexico, and Venezuela today promised to maintain their firm desire to consolidate a free trade zone among the Group of Three (G3). They praised the fact that Ecuador maintains its spirit of rapprochement with this integration mechanism.

Presidents Ernesto Samper of Colombia, Ernesto Zedillo of Mexico, and Rafael Caldera of Venezuela today held a breakfast meeting in the hotel where the 9th Rio Group summit that began today is being held.

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The three presidents agreed to give greater participation to the business sector as the basis for consolidating the process.

A source of the Colombian delegation said the presidents agreed that, within the new Latin American relations, it is necessary to first seek coordination among the multilateral and bilateral free trade agreements because it will facilitate the transition toward real continental integration.

President Zedillo mentioned an agreement signed on 3 September with Ecuadoran President Sixto Duran-Ballen to begin to negotiate a free trade agreement "as soon as possible." The foreign trade officials of the two countries met with that purpose today.

Presidents Samper and Caldera emphasized the importance of that step because it is the start of a possible Ecuadoran adherence to the G3 because Colombia and Venezuela already have free trade agreements with Ecuador under similar conditions.

President Samper said integration based on bilateral agreements facilitates the establishment of a future free trade zone that will include all Latin American countries.

Colombian Foreign Minister Rodrigo Pardo said that during the breakfast meeting, the G3 presidents evaluated the agreement and expressed the need to give a new impulse to the group.

Venezuelan Foreign Minister Miguel Angel Burelli admitted that real integration was delayed due to serious crises in the three countries over the past few years.

Burelli said: "We confronted difficult and temporary situations at different times but the process will not stop."

Burelli added: "The three countries encountered problems: first, the Venezuelan crisis of 1989 from which we are just coming out. That crisis created serious political and economic problems."

Burelli added: "Mexico was next with the collapse of the entire system, but is now recovering. Then came the Colombian crisis with the situation of political instability which is still going on but which will apparently be overcome."

Colombian Minister Pardo praised the fact that the Association of Caribbean States went into effect on 13 August of this year. This association includes all the Caribbean and Central American countries, and the members of the G3.

The G3 was created late in 1987 as a mechanism for political agreement and the free trade agreement began to be negotiated two and one half year ago.

Argentina's Menem Addresses Group

PY0509015495 Buenos Aires TELAM in Spanish 2201 GMT 4 Sep 95

[Report by unidentified TELAM reporter in Quito, Ecuador]

[FBIS Translated Text] Quito, 4 Seep (TELAM) — President Carlos Menem asserted today that the soundness of the economy is a prerequisite for social progress. He challenged "demagogic policies that promise to peoples that they will have their fill today, but an empty stomach tomorrow."

Menem made these remarks during a speech at the opening ceremony of the Ninth Rio Group Presidential Summit in Quito, in which 14 heads of state from the Americas are participating.

The Argentine president also spoke in favor of the economic and physical integration of Andean Group member countries by joinly undertaking important ventures, which provide regional companies with activity and also attract foreign investors.

Menem praised the accomplishments of the Rio Group, which "has been effectively contributing to the consolidation of democracies in the hemisphere" since it was established nine years ago.

The head of state reiterated that in Latin America "there is no room for changes that may jeopardize democratic systems of government, freedom, and human rights."

He warned that if "any country were to attempt to sway from this course, it would bring down upon itself the condemnation of the international community."

Menem pointed out that "the countries of the region are facing an exceptionally favorable situation for carrying out major transformations" that could accelerate their economic take-off.

The Argentine president also underscored that integration "may be furthered in several areas," adding that "these regional forums constitute the appropriate opportunities for putting forward and analyzing these types of initiatives."

The head of state began his working day by having breakfast with his Venezuelan counterpart Rafael Caldera, whom he invited to visit Argentina.

Menem said: "Above and beyond his commitment to attend the Ibero-American Summit (which is to be held

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in [the Argentine city of] Bariloche in October), we want President Caldera to make a state visit to Argentina before the end of the year or in the first months of 1996."

Menem underlined the importance of these personal contacts to enhance relations between countries and to draft proposals that may contribute to the establishment of a hemispheric free trade zone.

He nonetheless indicated that in order to make progress in the integration process, he prefers "negotiations between regions."

"Mercosur [Common Market of the South] is doing well; the Andean Pact (of which Venezuela is a member) still has to make a little more progress, so that from there, it will be possible to achieve the continent's integration," he said.

Menem then met with Ecuadoran President Sixto Duran-Ballen, to whom the Argentine head of state reiterated his country's disposition to peacefully negotiate a settlement of the border conflict with Peru.

The Argentine president subsequently met with Nicaraguan President Violeta Barrios de Chamorro, who proffered her condolences on the death of Menem's son and voiced her interest in continuing to make headway in the integration between Mercosur and the Central American Integration System.

In the afternoon, Menem attended the deliberations of the heads of state and then met with Bolivian President Gonzalo Sanchez de Lozada.

Preview of Draft Declaration Highlights

PY0509010195 Madrid EFE in Spanish
0600 GMT 3 Sep 95

[FBIS Translated Text] Quito, 3 Sep (EFE) — The foreign ministers of the Rio Group are meeting today in Quito to prepare the agenda and the final declaration to be debated by the presidents of the group during the two-day summit.

The national coordinators, who have been meeting in Quito since 31 August behind closed doors, handed over yesterday for the consideration of the 14 foreign ministers of the Rio Group the proposal on the method for the delivery of speeches by the presidents during the summit, in addition to the issues for debate, and a draft of the final declaration.

Sources of the Venezuelan delegation told EFE that the draft has 15 chapters on issues, encompassing about 20 paragraphs that cover various proposals in the political, economic, and social spheres.

Regarding the political aspect, the declaration proposal presented to the foreign ministers includes, at the request of Venezuela, a message to the United Nations requesting the reform of that organization, which will celebrate its 50th anniversary this year.

The Rio Group countries agree that the reform of the United Nations must establish a greater number of permanent members of the UN Security Council (currently China, the United States, Russia, France, and the United Kingdom), although Mexico, Brazil, and Argentina are separately defending their right to represent Latin America in that organization.

The other political issues included in the draft declaration are the intensification of relations with other regional groups like the European Union, the follow-up with regard to the Summit of the Americas held in Miami last December, and the consolidation of Latin American democratic institutions.

Venezuela included a paragraph on corruption, which is affecting most of the countries of the continent, because of its threat to "the democratic system, political institutions, economic development, social projects, and the integrity of our societies."

Regarding the economic aspect, the draft declaration notes the need to reorganize the Latin American Integration Association (ALADI) and the Latin American Economic System (SELA) to help in the technical aspects for the rapprochement between the various integration projects taking place in Latin America and the Caribbean.

The draft resolution will also ask for the reform of the financial mechanism established more than 50 years ago in the Bretton Woods conference, a mechanism that favors the entry of speculative capital into a country, with the commensurate disastrous destabilizing effects it can have in the short term, as shown by the recent Mexican crisis.

Argentina requested the inclusion of a paragraph about the need to improve communications in the region, while Venezuela wants a paragraph on the need for cooperation in the energy field to give priority to the use of natural resources in the zone. The Chilean delegation received unanimous support for its proposal to hold a continental conference to coordinate policies in the struggle against poverty, hunger, and misery.

Chile also obtained support to include in the draft declaration a paragraph condemning nuclear tests "in a global manner"; in particular, a request will be made that France and China abandon their nuclear tests.

There was no agreement, however, when the coordinators began to debate the drug trafficking problem because Argentina confronted the other countries when

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they tried to establish a joint position on drug enforcement.

According to sources close to the negotiations, the coordinators finally agreed to write a paragraph on drug trafficking that "probably" will not be accepted by the foreign ministers or the presidential summit.

Highlights of Rio Group's Quito Declaration

PY0609060195 Buenos Aires TELAM in Spanish 1850 GMT 5 Sep 95

[FBIS Translated Text] Quito, 5 Sep (TELAM) — The fourteen presidents who are attending the Ninth Rio Group Presidential Summit today strongly criticized corruption, drug consumption and trafficking, and terrorism, emphasizing the importance of democracy and of respect for human rights in Latin America.

They expressed their concern about the effects of speculative capital on the economies of the continent, emphasizing the need to create mechanisms to prevent possible exchange and financial crises.

During the Ninth Rio Group Presidential Summit, held at the Hotel Colon Internacional in Quito, the presidents signed the "Declaration of Quito."

The 16th point of the declaration proposes physical integration, to supplement economic integration through infrastruture facilities in the transport sector. The proposal was outlined on 4 September by Argentine President Carlos Menem.

The Argentine President's initiative, which was backed by Brazil and Chile, was immediately supported by the presidents, and become the first proposal to be incorporated into the final declaration without any discussion.

The "Declaration of Quito" has 24 points, the most outstanding of which are the following:

— A commitment to continue to strengthen democracy on the basis of the predominance of civil power, state modernization, the adoption of transparent administrative procedures, economic development, and social justice.

— The adoption of mechanisms for fighting corruption, which is a crime that undermines democracy and impairs the image of institutions. The creation of an Inter-American Convention Against Corruption, within the framework of the Organization of American States (OAS).

— The decision to continue to fight the consumption, production, and trafficking of drugs, as a global problem involving social and economic aspects.

— The decision to fight the laundering of money and the trafficking of arms and chemical precursors, support the call for a world conference against narcotics, and create an inter-American convention against "narcotics related money laundering."

— The decision to ratify the condemnation of all forms of terrorism as a scourge that violates human rights and to support the summons of the Specialized Inter-American Conference on Terrorism within the OAS framework.

— The decision to reiterate that the controversies and conflicts between countries of the region should be solved through peaceful negotiations according to international law.

— The decision to point out the importance of a political dialogue with the EU, and to extend the talks to the fields of the economy, social and educational issues, and technology transfers.

— The decision to create the legal and economic conditions to attract European capital investments in Latin America and the Caribbean and to promote contacts among businessmen of the two regions.

— The decision to acknowledge the historical importance of the Summit of the Americas, of its Declaration of Principles and its Plan of Action, and to comply with the commitments assumed in that hemispheric meeting.

— The decision to commit efforts to eradicating poverty and to attend the Hemispheric Conference on Eradication of Poverty and Discrimination, which will take place in Santiago, Chile, in January 1996.

— The decision to support the UN Declaration of Rights of the Sea [Derechos del Mar] to protect highly migratory species.

— The decision to support the integration process of Latin America and the Caribbean through regional groups with the purpose of establishing a free trade zone by the year 2005.

— The decision to rationalize the operations of regional organizations like the SELA [Latin American Economic System] and ALADI [Latin American Integration Association] so that they grant technical support to the continental integration process.

— The decision to promote the physical integration of the region with joint projects that will be discussed in the upcoming Rio Group summit that will take place in Cochabamba, Bolivia, in 1996.

— The decision to adopt mechanisms to prevent international financial fluctuations from affecting the markets of the region.

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— The decision to support the Hemispheric Summit of Sustainable Development in Santa Cruz, Bolivia, in the second half of 1996.

— The decision to reject nuclear tests by China and France and to demand their suspension.

— The decision to urge the countries that have not yet signed the Convention on the Prohibition of Chemical and Biological Weapons to support efforts to eliminate nuclear weapons.

Leaders Hold Talks, News Conferences in Rio

Wasmosy's News Conference

PY0509191495 Asuncion NOTICIAS in Spanish 5 Sep 95 pp 4, 5

[Report by NOTICIAS special correspondent Alberto Ledesma on news conference by Paraguayan President Juan Carlos Wasmosy in Quito on 4 September]

[FBIS Translated Text] During a wide-ranging interview with the local media — including a radio station that broadcast the news conference live — President Wasmosy said military hegemony has been brought to an end. He said the governments of the countries of the Americas that make up the Rio Group should optimistically plan their economic growth instead of wasting time on coup rumors or geopolitical strategies against a neighboring country.

Wasmosy asserted that he is in absolute control of the Armed Forces and that "Paraguay unequivocally professes the conviction that the supremacy of military power in Latin America has ended."

The Paraguayan head of state said the hegemony of the Armed Forces as well as geopolitical strategies of dictatorial regimes in the past to control an antagonistic neighboring country are over.

Wasmosy called upon the governments of the Americas — many of which are Rio Group members — to forget these past tragedies and look toward formulating economic development plans within the framework of integration endeavors in the hemisphere.

Wasmosy told Radio Quito: "We, the Rio Group member countries, are of one mind about the need to strengthen democratic systems and the supremacy of civilian power over military might."

The Paraguayan president added: "Integration will become a reality through the implementation of clear and lasting economic rules of the game. This is a most important consideration. We must discard all geopolitical theories and strategies that stemmed from border disputes or the supremacy of military regimes, which have already disappeared."

In light of the ample coverage given in Ecuador to the situation of [Paraguayan Army Commander] General Lino Oviedo and to the removal of General Carlos Ayala from his position as commander of the 5th Infantry Division, most radio and television reporters who participated in the news conference asked the Paraguayan head of state about the situation of the Armed Forces in his country.

Wasmosy asserted that he was in total control of the Armed Forces saying: "I can assure you that they are all under my command."

Journalists also asked Wasmosy about respect for human rights in Paraguay, a sensitive issue for Ecuador where there is ongoing violations of human rights by the military and government officials.

The head of state replied to Miguel Rivadeneira, from Radio Quito: "I would like you, in your capacity as reporter, to ask if anybody has — since I became head of state — been deprived of his freedom, if my administration has infringed any personal rights, if anyone had to forsake his/her company shares or has been pressured into giving part of his/her profits to some government official." Wasmosy added: "I would very much like to know if any of these things have come to your knowledge."

The president pointed out: "I take great pride in the fact that human rights are respected in my country, where there is complete freedom — including press freedom — which sometimes borders on an abuse of freedom. Nevertheless, I would rather have the din of democracy than the sepulchral silence of dictatorial regimes."

During the news conference, the Paraguayan head of state said the Paraguayan people are used to having absolutist governments and that "Paraguayans like rulers who govern with a firm hand." Wasmosy further argued that this situation is understandable on account of the numerous military Paraguayan governments. He asserted that there is no risk of a coup d'etat in Paraguay.

The president thus responded to local reporters' questions about an imminent disruption of the Paraguayan democratic process.

Wasmosy said: "You may rest assured that there is no going back on our democratization process" adding: "It is normal for a nascent democracy like ours to encounter obstacles because since its independence Paraguay has had strong governments."

Explaining rumors of a coup d'etat, Wasmosy indicated that the privilege of the military in Paraguay can be

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traced to a long history of wars and military dominion. He said: "Don't lose sight of the fact that Paraguay was involved in two wars — an extermination war and another one with a sister nation, Bolivia. This led to a dominance of the Armed Forces in the political scene throughout the history of our country."

During the second round of negotiations at the Ninth Rio Group Presidential Summit, President Wasmosy proposed restricting the action of non-governmental organizations (NGO's). Wasmosy accused NGO's of being "a device for putting spokes in the wheels of other organizations." Paraguay also proposed the idea that the struggle against corruption be undertaken with the participation of the press, which, he suggested, should have access to public records.

The president told the presidents attending the summit that NGO's have too much clout with international organizations and that on more than one occasion they have prevented Latin American nations from having access to international loans.

Following the presidents' second working session, Wasmosy said during his news conference that NGO's are ignorant of reality and voice opinions without proposing solutions.

The head of state cited the case of the Parana-Paraguay Waterway as a clear example of an attempt by NGO's to hamper the objectives of his administration. Paraguay intends to open a navigation channel linking a Bolivian river and the Paraguay River, a project Brazilian ecologists and Paraguayan NGO's described as "suicide" for part of the Pantanal region.

Chile's Frei Condemns Nuclear Testing

PY0509033695 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 5 Sep 95

[FBIS Translated Text] On 6 September, all vehicles will stop for one minute to protest against nuclear tests by France. The Archbishopric ordered that at that time, the bells of all churches and chapels will peal out over the entire city.

In Quito, Ecuador, the spotlight of the Ninth Rio Group Presidential Summit that was opened today by [Ecuadoran] President Sixto Duran-Ballen was on the announcement that France intends to conduct nuclear tests in the Pacific Ocean.

The Chilean head of state spearheaded a vigorous opposition to these nuclear tests. During the working session, the idea of requesting that the United States approve an immediate moratorium on nuclear tests prevailed. The rationale behind this was that if the United Nations maintains May 1996 as the deadline for suspending nuclear tests, France will be able to carry out the eight planned nuclear tests. If, on the contrary, the United Nations bans nuclear tests immediately, moral sanctions may persuade the French to back off, or at least not to go through with the entire plan.

[Begin recording, from Quito] [Reporter Patricia Silva] Mr. President, the idea, then, would be to request an immediate moratorium so as not to have to wait until next year.

[President Frei] We, as a country, are requesting the immediate cessation of nuclear tests. If tests continue, we will take the subject — there was a consensus on this issue — to the United Nations at the next [General Assembly] meeting, to be held at the end of September. We will propose, at that forum, that the United Nations condemn this type of action.

[Silva] Changing the subject, the vociferous protests against [Peruvian] President Fujimori registered yesterday were on the ebb today because the head of state had an ace up his sleeve. He announced in Ecuador that on this very day, he ordered the opening of the border between Peru and Ecuador, which was closed due to the armed conflict between the two countries. Nevertheless, Fujimori today was quite indifferent toward his Ecuadoran counterpart, who is hosting this meeting.

Meanwhile, President Frei met with Nicaraguan President Violeta Barrios de Chamorro. He also participated in meetings with representatives from the Inter-American Development Bank, the Economic Commission for Latin America, and other international organizations. The head of state also met with his Bolivian counterpart, Gonzalo Sanchez de Lozada. Following the meeting, Frei categorically denied that they had discussed the issue of an outlet to the sea for Bolivia, although he underscored that there are excellent ties between both countries, even though they do not have diplomatic relations.

The heads of state and government will continue their sessions until tomorrow, when they will issue a final declaration on political, economic, and social matters, and, in particular, on drug trafficking, corruption, and nuclear tests in the Pacific Ocean. [end recording]

Brazil's Maciel Urges Peru-Ecuador Talks

PY0509182295 Madrid EFE in Spanish 1705 GMT 5 Sep 95

[FBIS Translated Text] Quito, 5 Sep (EFE) — Sources of the Brazilian delegation told EFE today that Brazilian Vice President Marco Maciel called on Ecuadoran President Sixto Duran-Ballen and Peruvian President

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Alberto Fujimori to hold direct dialogue to solve their conflict in the Amazon border region.

Maciel, who is attending the Rio Group Summit in Quito on behalf of President Fernando Henrique Cardoso, held separate meetings with the two presidents and conveyed to them his satisfaction for the progress made in the negotiations within the framework of the guarantors of the Rio de Janeiro Protocol.

Brazil is the coordinator of the guarantors of the Rio de Janeiro Protocol, which established the border between Ecuador and Peru in 1942. Argentina, Chile, and the United States are also guarantor countries.

The guarantors have already reiterated their desire that Ecuador and Peru hold bilateral meetings to discuss their pending problems after the cease-fire, the separation of forces, and the demilitarization of the zone where the fighting took place were established.

In the next phase of the dialogue, the countries must discuss the essence of the conflict, which is the delimitation of a 78-km strip.

Maciel expressed "great satisfaction" with Fujimori's visit and with his announcement to reopen the border for trade, which was closed eight months ago as a result of the undeclared war between the two countries from 26 January to 28 February of this year.

Uruguay's Sanguinetti: Dependence on U.S. Ends

PY0609070695 Madrid EFE in Spanish
1815 GMT 5 Sep 95

[Report by Alejandro Varela]

[FBIS Translated Text] Quito, 5 Sep (EFE) — Uruguayan President Julio Maria Sanguinetti told EFE news agency today that in the nine years of its existence, the Rio Group has consolidated itself as an alternative to the policies dictated by the United States in Latin America.

Sanguinetti, 59, is the only head of state participating in the Ninth Rio Group Presidential Summit who is a founding member of the Rio Group — a mechanism for ongoing consultation and political agreement. The summit meeting will be brought to a close today following two days of deliberations in Quito.

According to the Uruguayan head of state, Latin American dependence on the United States "which was pernicious for both parties, was overcome thanks, in part, to the development of processes like that of the Rio Group."

In an exclusive interview with EFE news agency, the Uruguayan president insisted on the fact that this consultation and agreement mechanism "is the best interlocutor Latin America has at present."

Nevertheless, he acknowledged that there is still a cleavage between Common Market of the South (Mercosur) member countries, comprising Argentina, Brazil, Paraguay, and Uruguay — which maintain closer relations with Europe — and the other Latin American and Caribbean countries, which are closer to the United States.

Sanguinetti was of the view that the Rio Group's "greatest usefulness" lies in the fact that "it does not pass any resolutions," and thus enables member countries' presidents to discuss their problems, "which are common to all."

To that effect, he was of the belief that although "one does not have to abuse the convening of summit meetings" — he confessed to having been "dragged" into some summits — he stressed that presidential meetings are "something altogether different."

The Uruguayan president mentioned the salient points discussed at the Quito summit meeting, including the restructuring of the various Latin American integration organizations, drug trafficking, movements of hot money, and, "tangentially," corruption.

In the view of the Uruguayan head of state, the Latin American integration process has changed dramatically since it was launched in the 1960's. It moved from an "all against all" strategy to a "regional and protectionist" one in the 1970's and, subsequently, to "a subregional and open" one. "We are now interested in boosting our exports," he added.

This is the reason why Uruguay put forward a proposal at the Ninth Rio Group Presidential Summit — which was approved — to "redefine the functions of and coordinate the actions of the Latin American Economic System (SELA) and the Latin American Integration Association (ALADI).

Sanguinetti expressed satisfaction over the Mercosur integration process, in which his country is engrossed. He nonetheless underscored that "it has moved ahead at a greater speed than expected and desired."

Commenting on the possible incorporation of Chile and Bolivian into the Mercosur, the Uruguayan president said that "there is a political will to do so, but there are many obstacles, especially those pertaining to tariffs."

Sanguinetti declared that drug trafficking is one of the most serious problems confronting all countries, particularly some countries of the region, such as Bolivia, Mexico, Colombia, and Peru, as it "can destroy our democracies."

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The Uruguayan head of state specifically referred to the case of Colombia, which he termed, with passionate indignation, "an injustice."

"It is not fair that Colombia — whose people has suffered so much and struggled so much — should be considered a country of drug traffickers when the demand for drugs is to be found in the United States," he added.

To that effect, Sanguinetti expressed his support for his Colombian counterpart Ernesto Samper, asserting that "nobody can say that he has been bought off because no other president before him has put so many drug kingpins behind bars."

Changing the subject, Sanguinetti revealed that at the summit meeting there was a confrontation between Chile's protectionist measures and Mexico's open stance on "hot money" because Mexico does not want to apply the brakes to the inflow of capital.

Sanguinetti said: "It is no longer possible at present to control stock exchanges or unforeseeable movements by savers." he therefore proposed establishing mechanisms that would operate "as seismographs, to detect sufficiently in advance" any abrupt financial movement.

In concluding, the Uruguayan president said that corruption is "a pathology of power," adding that generally, when it affects a government, it means that "the entire society is implicated" in corrupt practices. "Economic power is the most corrupt of all, and corruption of journalists is the most common one."

Leaders Hold Joint News Conference in Quito 5 Sep

Duran-Ballen Opening Statement

PY0609024895 Quito Voz de los Andes in Spanish 1941 GMT 5 Sep 95

[Opening statement by Ecuadoran President Sixto Duran-Ballen at a joint news conference held at the Press Hall of the Hotel Colon Internacional in Quito — live]

[FBIS Translated Text] First, I want to tell all our foreign reporters who are here from different parts of the world that the Ecuadoran Government and its president are pleased to receive here the 13 colleagues who represent the remaining members of the Rio Group, and also the alternate members who are representing the Caribbean and Central America, in the quest for some general solutions to problems that are common to the Americas.

Some of the problems that were discussed were made known through the various documents we jointly signed today, which were released through different publications. In addition to the multilateral relations existing among the 14 members who are here present, we have been able to deal with bilateral relations involving several of the members, because each country has naturally been given the option of seeking relations with and among others, according to their greater or lesser interests.

In the case of Ecuador, we have had bilateral contacts with Mexico, Colombia, Chile, Brazil, Uruguay, Panama, and Argentina. With three of these countries — Brazil, Colombia, and Mexico — we have signed documents regarding several types of agreements, and credits that these three countries are to grant our country. In the case of Brazil, it would be a credit for the desired inter-oceanic corridors that would allow a link from Julio Andrade, (Ecarchi Province), through (Lumbaquis), (Logavrio), (Coyaveino), and the Putumayo River, and serve as links in the so-called inter-oceanic corridors that would allow navigation from Brazil to the Putumayo River, and, through highways, a link with Quito. The amount has not yet been established because it will depend on the technical and economic commission that will visit here by the end of October, and Brazil at a later time. This is part of the details that are yet to be studied.

Second, we also signed a protocol with the Colombian Government that, through (Bancoldrix), a Colombian development institution, and with the Bolivian Development Corporation, will also provide us credits to be paid over 12 and a half years. This credit amounts to $107 million for the construction of several highways in the eastern region of our country.

Third, a line of credit is already underway, because it was already approved. This credit amounts to approximately $20 million for the purchase of Mexican equipment to be used for sweeping and cleaning streets, for earth movement projects that will be dedicated in small municipalities throughout the country, the smallest ones with no possibilities of developing on their own, and the provincial councils in the Amazon region.

Concerning the results of the summit and their projection toward the future, I would like the presidents who are present here with me to speak of their own achievements, because perhaps — since I presided over the deliberations — they could be interpreted as though I were directing information toward those aspects which most interest this country. And since this is a multilateral and not a bilateral meeting, the information must reflect what the 14 countries that were represented feel, and reflect the needs of Latin America. Thus, I would like to give the floor to the Bolivian president and then to the Brazilian vice president, so that they might have the op-

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portunity to give their ideas on this event. Then we will answer some questions, time permitting, because at the end of this summit, we have slated the Andean Group summit among the five Andean countries, in addition to Panama, which, having been one of the five Andean nations, has been invited to participate in this summit.

The president of Bolivia will now take the floor.

Bolivian President at News Conference

PY0609030695 Quito Voz de los Andes in Spanish 1946 GMT 5 Sep 95

[Opening statement by Bolivian President Gonzalo Sanchez de Lozada at a joint news conference held at the Press Hall of the Hotel Colon Internacional in Quito — live]

[FBIS Translated Text] First of all, I want to tell the people and government of Ecuador, and its president, that this was a particularly successful summit because it was quite concrete concerning the subjects discussed and concerning some of the resolutions adopted. Some working groups have been created.

As you know, the Rio Group lacks bureacracy and does not have the pro tempore secretariat which establishes the country where the group will meet the next time. But some commissions have been created according to different subjects. However, I think it would be interesting to stress the subjects that were discussed:

With regard to political aspects, it was a dialogue on the situation in Latin America and the Caribbean. In terms of the economic aspect, it dealt with strengthening of the regional institutional system, regional physical and structural integration, and the international financial system. As concerns the social aspect, it viewed sustainable development, the fight against illegal drugs and related crimes, poverty, and unemployment. As you can see, these subjects were considered very important by the speakers, and were the object of debates throughout the summit.

I think one of the most important aspects has been the decision to organize two working groups. One group will try to establish a policy within the Rio Group framework that will reflect our Latin American continent in this terrible fight that, as we have already said, cannot be waged by any country alone, but must be waged in a joint manner. This group will submit, at a meeting to be held in Panama in the early months of 1996, a theoretical conceptualization that will allow us to organize a Latin American drug enforcement policy.

The other is a working group that will study all existing institutions such as ECLA [Economic Commission for Latin America] and ALADI [Latin American Integration Association] to see how to adapt them to the current situation, and what institutional organization must exist.

I think these are small and great agreements, concrete working groups with specific tasks, groups that are expected to take form as soon as possible. We are also going to try to use the moral and political force of the Rio Group to keep consolidating not only integration, but efforts regarding other aspects, such as poverty, the drug enforcement program, and other items related to our daily work and affairs. We hope to adopt successful positions on some of these points.

I want to thank all the people of Ecuador, the people from the Foreign Ministry and from the government, because they have treated us in a brilliant manner, and because they have helped make this one of the most successful groups.

The group to which I belong is, I think, probably the most [words indistinct] possibly because today we have very great problems [words indistinct] which I think were discussed fully, so as to solve them in a joint manner. Thank you.

Brazil's Maciel Gives Speech

PY0609032095 Quito Voz de los Andes in Spanish 1951 GMT 5 Sep 95

[Opening statement by Brazilian Vice President Marco Maciel at a joint news conference held at the Press Hall of the Hotel Colon Internacional in Quito — live; Maciel speaks in Portuguese, with translation into Spanish provided; translated from the Portuguese]

[FBIS Translated Text] May I say that in our opinion, this meeting that today concluded with the Quito Declaration was extremely successful because we were able to discuss subjects of common interest, as already explained here by the presidents who preceded me in speaking, that is, by Ecuadoran President Sixto Duran-Ballen and Bolivian President Gonzalo Sanchez de Lozada.

I would only like to point out a few other subjects included on the agenda which I consider to be essential. The first one has been our firm declaration to adopt joint action regarding the so-called volatile capital. That is, we know — as we are experiencing this in Latin America — that speculative capital can have a harmful effect on the economies of our countries. We must discuss this subject, seeking to adopting a common position regarding this problem. What is more, we should somehow carry out joint action [word indistinct]. Although we all recognize that this is not an exclusive problem of Latin America or South America, it is a phenomenon that has directly and harshly affected the

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economies of our countries, which are, as you all know, developing countries.

Therefore, we believe it to be very important that this subject should have been the object of broad discussions — discussions that will continue being carried out in other forums. I am speaking about the volatility of speculative capital, as well as its negative effects on our economies, since they are in a stabilization phase intended to make our Latin American countries reach high growth rates.

The second subject I would like to refer to is drug trafficking. We think that the Rio Group member countries should form a joint front to face drug trafficking, not only the aspects of crops, trafficking, processing, and consumption, but as something that produces other evil lateral effects. These include terrorism, money laundering, corruption, and arms trafficking, to name only a few.

Therefore, as has already been mentioned here, we created a work group that will meet on a priority basis with the objective of studying joint actions regarding this subject, clearly taking into account that this is not only a specific matter of each country, but a matter that pertains to all the Rio Group member countries. It is also a matter that deserves consideration by the so-called developed countries, since they are drug consumer countries, which creates an increased pressure on the situation.

We also think that each country can repress crops, trafficking, trade, and consumption of drugs in an isolated manner. We consider that the individual effort carried out by the countries has been successful. Some of them have managed to bring the situation under control.

Yet we also believe that it is essential to study the possibility of adopting common laws, a single legislation for all countries, especially for the members of the Rio Group.

In fact, we believe that by doing this, we will be able to take more effective action against that organization, which in addition to the drug crimes, provokes other related crimes, which I have just mentioned, such as corruption, money laundering, smuggling, arms trafficking, and so forth.

Therefore, it is an important issue for us. We believe that in addition to the work that this commission will do, we believe — or I would, rather, say we recommend, in the Quito Declaration — that countries strive to adopt a common, coordinated legislation, that is, that they take integrated action. This will facilitate antidrug efforts and improve coordination, so that the actions of one country do not ignore what is happening in other countries.

Finally, the third point that I would like to mention deals with the fight against poverty. This topic usually appears on our agenda. By fight against poverty, we mean, above all, the overcoming of the low living standards of several sectors of our population, and also the efforts to counter the big income imbalance that still prevails in our continent.

I should also point out that there was practically a consensus concerning the efforts to achieve sustained development. Sustained development will permit us to have not only a stable economy without inflation, but will also allow us to promote development while respecting environmental balance, consistent with environmental preservation.

This accounts for the environmental concern in this effort. This matter was raised on several occasions. We understand that our governments are deeply concerned about this topic, because the fight against poverty is the fight to achieve just development.

We believe that even if we succeed in consolidating democracy in our countries, this will not guarantee social justice. Social justice will be achieved only if we envisage development as something beyond mere economic development, as something that can eliminate poverty, correct income inequalities, and give everyone a chance to join development efforts in each country.

I would like to conclude by saying that the conclusions noted by the Rio Group are the result of the discussions that we held. Bolivian President Sanchez de Lozada listed some of them. Other issues were also studied, like democracy, the improvement of our continental institutions, etc.

Yet [words indistinct] broadly scoped subjects, are perhaps the most important ones, at least from my own viewpoint.

In addition to these multilateral topics, I would like to mention two bilateral issues.

One of them — as Ecuadoran President Duran noted — is a protocol that the Brazilian and Ecuadoran governments signed with regard to the inter-oceanic corridor, which will give the Amazon people a way to the Atlantic via the Amazon River, and a way to the Pacific. We believe this reflects a major effort by President Duran-Ballen.

The second bilateral topic is the growing progress that we have seen in the settlement of the Ecuadoran-Peruvian conflict. I would like to say that we are very

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satisfied about this fact, because Brazil is one of the guarantor countries, and — as everyone knows — has played the role of coordinator of guarantor countries. We hail the fact that the Itamaraty Declaration has been satisfactorily complied with, and that it has even produced subsequent actions aimed at easing tension.

To conclude my speech, I would like to say that the presence of Peruvian President Alberto Fujimori at this meeting [words indistinct] to announce, as an initiative in which the two countries were interested, the opening of the borders. We consider this a very important step in the effort to normalize relations between the two countries.

Rio Group Presidents at News Conference

PY0609035495 Quito La Voz de los Andes in Spanish 2009 GMT 5 Sept 95

[Joint news conference by Ecuadoran President Sixto Duran-Ballen, Bolivian President Sanchez de Lozada, and Brazilian Vice President Marco Maciel at the conclusion of the Ninth Rio Group Presidential Summit, held at the Press Hall of the Hotel Colon Internacional in Quito — live]

[FBIS Translated Text] [Bernardo Habad, from Ecuavisa Television Network] Mr. President Duran-Ballen, regarding the subject just referred to by the Brazilian vice president, Peruvian President Alberto Fujimori revealed to the media a few minutes ago that he formally invited you to visit Lima. My concrete question, Mr. President, is this: Will you accept his invitation?

[Duran-Ballen] Your question about the invitation was generated by a statement I had made earlier. In my final statement to the summit participants, among the many relevant subjects I spoke about, I thought it appropriate to.... [changes thought] I ask you to show respect for the three presidents here present. Those of you who want to talk, please go outside. It is the journalists' right to wait to speak, but those of you who want to talk, go outside.

As I was saying, when I spoke at the end of the summit, I thought it was necessary to point out the importance of President Fujimori's visit to Ecuador because, the way I — and I believe all those present there — see it, his visit demonstrated that there is an idea to the effect that it is necessary to introduce detente and resume the dialogue that was practically interrupted in the previous summit we attended, that is, the Ibero-American summit that took place in Salvador, Bahia, Brazil. I therefore told President Fujimori that such is my interpretation of his visit, and I told him that we must maintain the spirit of the talks to attain such objective.

In the process involving President Fujimori's response, an invitation was extended based on a previous conversation held by our two foreign ministers, during which it had been suggested that Ecuadoran Foreign Minister Galo Leoro should travel to Peru in the near future and then, eventually, me. As for the trip of our foreign minister, I said that I completely agreed with it, that it is necessary to establish talks, but that my visit would be conditioned upon the future talks and the merit of relations between our two countries. That is my answer to you question.

[Alvaro Samaniego, SiTV, to the Brazilian vice president] Thank you. Good afternoon. One of the basic points of the agreement that was signed is about drug trafficking. The Rio Group signatories promised to carry out joint actions to face this problem. Will you demand that the consumer countries also adopt specific positions and make sacrifices, since without their help, this initiative on the part of the Rio Group will not be successful?

[Marco Maciel] Precisely. In answer to your question, we basically understand two things. First, joint action on the part of the Rio Group signatories is necessary, independent of the accomplishments individually obtained by each country. It is necessary to carry out joint action, including, if possible, the adoption of common legislation on the subject.

Second, logically, this must be done in [words indistinct] the developed countries, which are the greatest drug consumers, since we clearly understand that consumption somehow exerts pressure on the supply of drugs. We cannot ignore the market rules. That is, we know that the demand exerts pressure on the supply. Therefore, the ideal thing is for this struggle to be carried out not only by the countries that produce, process, or, in some cases [word indistinct] drugs; it is also essential to [words indistinct] the consumer countries. This is why we consider it essential that this struggle count on the participation and cooperation of the developed countries, which, as everyone knows, are the greatest consumers.

Naturally, I think that this subject greatly marked this meeting as expressed by the several heads of state.

[Oscar Valenzuela, from [name indistinct] newspaper, to the Bolivian president] Mr. President, good afternoon. Twelve presidents from Latin America — a continent of its own — are meeting in Quito for two days to discuss subjects as important as the ones your group discussed, and the foreign media is currently not covering this meeting. What must the presidents do so that Latin America can mark its presence in the industrialized countries, and so that those countries realize what is taking place here?

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[Sanchez de Lozada] Well, as I said on several occasions, we do not have a press office here. This is a group for consultation and understanding. When we make a decision, we try to make it known abroad. I remind you that the Rio Group — that is, its foreign ministers — normally meet with the foreign ministers of the EU as well as Japan.

We want to give to our group a dynamic not concentrated on the external aspect but rather on the interior of our continent, of our societies, so that all our actions can be agreed upon, discussed, and have effective results.

Therefore I am not worried about the external aspect. Why do they not pay attention to us? Because they sense that there is no unity or weight in Latin America. I think that this is an important aspect which the Rio Group is attempting to consolidate. Now we are experiencing democracy. Remember that the issue of democracy was a very important subject for the Rio Group. We used to have the problem of Haiti; the problem of Cuba still remains, but some progress has been made regarding it. However, what we seek in all the important subjects is to carry out consultations and reach an understanding so that the effects of our decisions can be felt over time.

If the Latin America community acts jointly, with unified criteria, with really effective policies, we will capture their attention. If we continue acting separately, we will not be mentioned in the various television newscasts.

[Duran-Ballen] I am afraid that the Andean Summit is about to begin immediately, so we will have to suspend this news conference for the time being. I invite all of you to attend the opening session of the Andean Summit, which will be a public session. The CAF [Andean Development Corporation] manager will then make a statement, after which you should leave the hall to allow us to hold a closed-door meeting. However, upon the conclusion of the Andean Summit session, we will again hold a brief news conference. Excuse us, the presidents are waiting for us.

[Unidentified reporter, to Duran-Ballen] Excuse me, Mr. President. We want to hear the group's stance regarding the nuclear tests, please.

[Duran-Ballen] We have rejected them. We have concretely protested against them in the document we drew up. Thank you.

Argentina's Menem at News Conference

PY0609065495 Quito Voz de los Andes in Spanish 2036 GMT 5 Sep 95

[News conference given by Argentine President Carlos Menem at the Hotel Colon Internacional in Quito on 5 September — recorded]

[FBIS Translated Text] [Maira Navarro] Good afternoon, Mr. President. I am Maira Navarro of CNN. The lack of economic stability that has been created by foreign capital in the region has been the concern of the presidents during this summit. And there is the intention of establishing some controls for the entry of that capital. Does Argentina support that position? If not, what would Argentina's position be?

[Menem] Well, Argentina fully supports that position, which has been included in the final document that will be disseminated in a few more minutes.

We support the reformulation of the financial system at the international level in order to make it more effective in its support of the developing economies, and in order to prevent something that has caused us severe concern during the past few months.

The so-called speculative capital is very erratic. It moves into a country, makes a profit, and then immediately leaves that country.

This has been discussed, and we are going to take into account some proposals of countries that have been able to overcome this situation through a system of reserved capital, for example, for that so-called speculative capital. This has been included in the final document that will be disseminated in a few more moments.

[Douglas Arguello] I am Douglas Arguello of (?TV Amazonas) of Ecuador, and I will be followed by (Roberto Apiazu) of Eco. Mr. President, in your view, is Argentina satisfied with what was discussed this morning; in other words, social matters and, basically, drug trafficking? Do you believe that as of today, there can be a consensus among nations in order to fight this crime?

[Menem] Of course. A very important step has been taken during this meeting of the Rio Group with regard to the fight against drug trafficking and related crimes such as money laundering. One of the proposals that was very well accepted was that advanced by Brazil and Argentina: Joint legislation among all countries to fight drug trafficking.

We can start with reforms to the constitutions of Latin American countries, such as similar procedures,

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similar sentences, starting with the penal code or penal legislation that is approved. There can be a kind of unification of jurisdictions, competence, exclusively to fight this terrible crime that affects humanity.

For example, along these lines, I give you the following example: If a Colombian drug trafficker is arrested in Argentina, then on the basis of shared or common legislation, it should be Argentine authorities who try this criminal causing so much harm both in Colombia and/or any other Latin American country.

This is now in the hands of a committee that is going to work quickly on this topic.

[(Roberto Apiazu)] I am (Roberto Apiazu) of Eco Network of Mexico, and I will be followed by Luis Rosero of the newspaper El UNIVERSO of Ecuador.

I would like to ask you a question about corruption. What is the regional commitment that has been assumed in the Declaration of Quito regarding this topic that is causing concern in all Latin American and Caribbean countries?

[Menem] I would say that it affects every country in the world. This topic of corruption is not the patrimony of any one particular country. Some countries have been more successful in fighting it, and others less successful. However, at this Rio Group summit, the need to undertake shared action to combat corruption emerged.

I always use the following as an example of what must be done, for example.... [changes thought] Sorry about the repetition — to fight this scourge:

Every state enterprise in Argentina was a monument to corruption. That very generous state, that elephant of a state, and that state that embraced everything produced an annual deficit of $17 billion. We have eliminated that system and made the burden on the state much, much lighter. We have only left the state specific functions such as the fields of education, health, justice, and security, and transferred public enterprises to the private sector.

This has allowed us to eliminate a large part of the corruption that existed in Argentina for years. There are some sectors in which corruption must still be fought. However, one of the ways to fight corruption is for the state to dedicate itself exclusively to its own functions and areas: Health, education, justice, and security.

We have carried this out, and we hope that other Latin American countries can do it also.

[Luis Rosero] I am Luis Rosero of the newspaper EL UNIVERSO of Ecuador, and I will be followed by Daniel Raffo of TELAM from Argentina.

Mr. President, good afternoon. What contacts have there been between Mercosur [Common Market of the South] and the Andean Pact during this summit?

[Menem] What did you say?

[Rosero] What role is to be played by the Andean Pact and Mercosur in this topic of Latin American integration?

[Menem] Well, a very important role. You know very well we are heading toward that integration, but not only Latin American integration. We are heading toward continental integration.

And there is nothing better than to head toward that integration more quickly than advancing toward regionalization. The creation of groups such as Mercosur, which will be joined by Chile and Bolivia within a short period of time in a special free trade zone, or the Andean Pact, Central America, or the Caribbean.

Later, this regionalization will produce the unification of this part of the continent of the Americas, and then we will head toward the proposal that we evaluated during the Miami Summit: A free trade zone from Alaska to Tierra del Fuego. We must expedite these regionalization processes.

Caldera: Cuba's Entry Not Discussed

PY0609054495 Madrid EFE in Spanish 2115 GMT 5 Sep 95

[FBIS Translated Text] Quito, 5 Sep (EFE) — Venezuelan President Rafael Caldera has reported that Cuba's possible entry into the Rio Group was not discussed at the Ninth Rio Group Presidential Summit, which ended today in Quito.

Caldera added that this matter was not discussed at the previous summit, either, "nor did Cuba request it."

Caldera, 80, referred to the points agreed upon by the presidents, and expressed satisfaction over the resolutions achieved on matters such as drug trafficking, corruption, and the struggle against poverty.

Concerning the latter problem, the Venezuelan president said that he is concerned about the fact that there are only discussions on poverty, but no definite measures are adopted to fight it.

He added that the Ecuadoran petition to join the G-3 [Group of Three] comprising Venezuela, Colombia, and Mexico; the inclusion of Mexico in NAFTA, together with the United States and Canada; and the participation of Panama in the Andean Pact (Colombia, Peru, Venezuela, Bolivia, and Ecuador) are important free trade achievements.

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Cuban Issue Indirectly Related to Pact

PY0609061995 Madrid EFE in Spanish
2230 GMT 5 Sep 95

[FBIS Translated Text] Quito, 5 Sep (EFE) — The situation of Cuba has been a repetitive subject in the Rio Group summits; however, the one that concluded today in Quito refers to Cuba in a paragraph of the Declaration of Quito that expresses Latin America's concern with attempts to apply national laws abroad.

"We express our concern with the attempts to apply a national law outside its territory of origin, in violation of international law and the basic principles that rule regional coexistence, and in violation of the sovereignty of other states and of universally recognized transparent trade practices," the paragraph states.

This paragraph of the final declaration does not affect only Cuba, said Bolivian President Gonzalo Sanchez de Lozada to EFE after participating in a joint news conference together with Ecuadoran President Sixto Duran-Ballen and Brazilian Vice President Marco Maciel.

"It has a general meaning. It does not refer exclusively to Cuba, but to actions that attempt to impose foreign criterion and policies, not allowing real self-determination of peoples, which justifies democracies," said the Bolivian president, who will host the 10th Rio Group summit in 1996.

Sanchez de Lozada added that the subject of Cuba, hardly mentioned by the other presidents to the media, "was not extensively discussed, which does not mean that it was avoided. However, in other Rio Group meetings there was much nervousness over the conflict between Cuba and the United States."

"I think we can understand each other far better when on good terms than bad terms," he said, apparently referring to the U.S. policy toward Cuba.

The U.S. Congress is currently analyzing the so-called "Helms-Burton" bill, which seeks to stiffen the U.S. trade embargo on Cuba, punishing those who trade with the island, even if not directly from the United States.

Presidents Begin Leaving Quito

PY0609071795 Madrid EFE in Spanish
0201 GMT 6 Sep 95

[FBIS Translated Text] Quito, 5 Sep (EFE) — Upon the conclusion of the Rio Group Summit in Quito today, the visiting presidents began to leave the country. It was officially reported that the first one to leave was Paraguayan President Juan Carlos Wasmosy.

The second president to leave Ecuador was Panamanian President Ernesto Perez Balladares, who departed to pay an official visit to the United States. Panama participated as an observer in the summit.

At the Mariscal Sucre Airport in Quito, Perez Balladares was followed by the presidents of Mexico, Ernesto Zedillo; of Uruguay, Julio Maria Sanguinetti; and of Argentina, Carlos Menem.

The last to leave the Ecuadoran capital were Chilean President Eduardo Frei and Brazilian Vice President Marco Maciel.

Ecuadoran Vice President Alberto Dahik officially bid farewell to all the presidents.

The rest of the presidents and representatives of the Rio Group will leave Ecuador in the next few hours, given that the last ones to leave will be those who attended the Andean Pact Summit that took place today, with the participation of the presidents of Bolivia, Colombia, Ecuador, Peru, and Venezuela.

The presidents of Colombia, Ernesto Samper, and of Venezuela, Rafael Caldera — who will meet in Bogota, Colombia, this week to discuss bilateral issues — will leave Quito on 6 September.

Andean Council Meeting Opens in Quito

Duran-Ballen Opens Meeting

PY0609043095 Quito Voz de los Andes in Spanish
2045 GMT 5 Sep 95

[Opening address by Ecuadoran President Sixto Duran-Ballen at the Seventh Andean Presidential Council Meeting, held at the Hotel Colon Internacional in Quito — live]

[FBIS Translated Text] Your Excellencies Messrs. presidents of the Andean Group; ministers of state of the Andean countries; Messrs. ambassadors of the group, and ambassadors who are present at this meeting with us; Messrs. directors of the Cartagena Agreement organizations; Messrs. representatives of other international organizations; Messrs. representatives of the production organizations; honored guests; ladies and gentlemen:

I am extremely glad, on behalf of the people and government of Ecuador, which is presiding over this group, to cordially welcome you to the city of Quito. [passage indistinct] When the Cold War stage was overcome, it seemed that we were beginning a new period of hope, which was quickly tarnished by the rebirth of exacerbated nationalism, of extreme fundamentalism, and by the always underlying threat of atomic weapons, which causes us to tremble, while hunger is pressing millions of human beings throughout the world.

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But together with these factors of disintegration, powerful trends of union and integration are emerging in a dialectical facet of thesis and antithesis, and new schemes of interaction and interdependence that prevent clear foresight with regard to their conclusion, and with regard to a new world model.

The (?internationalization) of the productive processes has been intensified during the past decade, and with it we can already talk about some sort of globalization of the economy, referring not only to trade and services, but also to those aspects related to the international specialization of the productive processes.

Moreover, the regionalization and globalization processes have been superimposed over the strictly political aspects to form economic groups with definite objectives that will increasingly play more important roles and have decision-making powers beyond what is strictly commercial.

The formation of economic groups is generating positive results, such as greater opening, liberalization, and integration, but it can also lead to an impermeable protectionism or to the supremacy of stronger economic systems.

As a consequence of the Summit of the Americas held in Miami, in which the presidents [word indistinct] were committed to the establishment of a hemispheric free trade zone by the year 2005, the panorama is quite different. The challenges are different, the commitments are much more serious, and [word indistinct] Moreover, all nations of the Americas have been creating several integration groups or schemes, which must now be ushered toward the common objective of a hemispheric zone [words indistinct] preamble of a broader and deeper integration. It is also imperative for the Andean Group to join this process of convergence under the guidelines of what has been called open regionalization.

Outside the hemisphere, the EU at the present time is considered the most perfect integration scheme, and seeks to expand its markets and to strengthen its relations with other integration processes, like the Mercosur [Common Market of the South] is doing in Latin America. But the Andean Group does not have sufficient presence before the EU to become a partner and to stop being just an object of cooperation.

The Andean Pact is found within this world and regional framework after [words indistinct] century of existence, filled with hopes and good objectives that have not always resulted in effective decisions, and with achievements that, while undeniable, were not as firm and decisive as we would have liked.

Thus, for a long time the economic development of the Andean countries [words indistinct] did not comply with the circumstances of the times due to the adoption of protectionist measures that resulted in a drop in quality and an increase in prices of our products, and the immediate loss of competitiveness in foreign trade. In addition, there was excessive control of foreign investment, which reduced the flow of capital that could have (?improved) our economies.

For all these reasons, the Andean Pact must be updated and enhanced so as to effectively comply with the new trends, new forms [words indistinct] copying other models, but with the imperative of efficiently complying with the new circumstances of the international economy.

The Andean integration, although not totally fulfilling several of its objectives — the free trade zone, the common external [words indistinct] — is something concrete of the moment and, in particular, the first to have resulted in notable growth in inter-Andean trade. But as these objectives are fulfilled, what is the raison d'etre of the Andean Pact?

Undoubtedly the pact has not lost its effectiveness as the natural integration scheme among our countries, countries of the area, following supplementary action with the other Latin American countries, and as a path toward an international opening that will put aside the remnants of protectionist economic policies because their efforts and achievements will represent a link in this [word indistinct] process.

For this reason, the great political decision must be that of strengthening the Andean integration process, but through reviewing its objectives, giving adequate guidance to its medium- and long-term objectives, reforming — as done by the Baraona Act — the organizations of the system. This must not involve a superficial reform, but a profound one that will provide expeditious and effective mechanisms to these organizations for the development process. Let us recall that some aspects, whether they pertain to institutions or organizations, must keep changing all the time. Only the dead or those consigned to museums and memories need not change.

Moreover, it is not possible to disregard the fact that the growing interdependence of the many actors involved in integration makes adequate control of supra-national legal aspects a must. In fact, one of the conditions for democratizing the integration processes, and obtaining the broad support of civilian society, is the adequate administration of the community's judicial affairs. This is the main guarantee for an adequate control of the

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legal interests and concerns of all actors participating in it.

Thus, reform of the court of justice of the Cartagena Agreement has been analyzed in this context in order to allow a greater control of the legal system, direct access of private individuals to the different courts, greater expeditiousness of the mechanisms involved, and the broadening of their scope of action by strengthening the jurisdictional powers so that the Andean court will be able to fully comply with the role for which it was created.

We hope that this presidential summit will yield, if not a total definition with regard to the updating and reform processses, at least a firm decision on them, and the power to put them into practice immediately.

Nevertheless, the strictly economics oriented view of development, or the problems of our peoples, runs the risk of ignoring the individual for the sake of a supposed common good. Although theoretically superseded, the idea that the state has been [word indistinct] runs the risk that, for the sake of efficiency and competitiveness, a world is created and, because of a misunderstood liberalization, ends up affecting the human being, particularly the poorest and, therefore, most numerous, sectors.

Thus, in public and private integration processes, particularly [words indistinct] that in all our deliberations and recommendations, social interests must prevail. There will be no development or common well-being if societies and individuals as partners are not given the appropriate attention, and if no effective measures for development are adopted.

Integration, in its broadest sense, and when referring to human beings, must embrace all aspects of social life [passage indistinct] which also require national order, among other measures. This concept includes, essentially, such aspects as respect for human rights, and presupposes the maintenance of democracy, a democracy in which the sovereign will of the peoples will be the guiding force of their lives. That is, it will constitute a force that will guide the state's future, and that might express [words indistinct] in each socioeconomic objective that must seek the common good.

The end of our governments' efforts is based on the economic, cultural, and social processes of our peoples, and on the very people redeemed from hunger, ignorance, and lack of health measures.

We understand, Messrs. Presidents, that our meeting will yield not only firm decisions, but, in particular, the hope of a new dawn, with optimism and faith in the objectives that guide us, and that are reflected in the decisions of the Andean Group. Thank you. [applause]

Andean Leaders Sign Quito Act

PY0609051095 Quito Voz de los Andes in Spanish 2245 GMT 5 Sep 95

[Statements by Ecuadoran President Duran-Ballen and Peruvian President Fujimori at the Hotel Colon Internacional in Quito — live]

[FBIS Translated Text] [Duran-Ballen] Messrs Presidents, tonight the presidents of the Andean Pact member countries will sign the Quito Act. This act contains various decisions adopted by the presidents that are aimed at enhancing and reorganizing the Andean Pact from the programmatic and institutional viewpoints, so that it may play an efficient role in the subregional integration process, to allow the Andean Group a greater presence abroad, and for the consolidation and strengthening of the [word indistinct] related to social and sectorial issues.

The presidential guidelines described in this document outline a strategy to be adopted to attain specific objectives, in order to strengthen the integration process, improving the achievements in the commercial sector and promoting socioeconomic development; coordinate economic policies, adjusting them to sustainable development and efficient social policies; design social policies oriented toward increasing the living standards and permitting the social sectors of the subregion to enjoy the benefits of development; coordinate the Andean integration system, with a view to meeting the new challenges posed by integration; and make progress toward Latin American and hemispheric integration.

To attain these goals, the presidents ordered the organs of the system to work on the objectives, in line with an approved document entitled "The New Strategic Design," which is included in the Quito Act.

Furthermore, specific guidelines have been issued for programmatic restructuring, covering the free-trade zone, the customs union, the common market, and the institutional reform, seeking to make the Andean Pact meet the demand for an open and dynamic attitude in relations with other schemes and processes.

The presidents thus decided to establish the Andean Integration System. They ordered the Council of Foreign Ministers to design — as soon as possible — the appropriate legal framework, providing for its creation and restructuring.

To this end, the following organs were created: the Andean Presidential Council, the Andean Council of

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Foreign Ministers, the Expanded Council of Foreign Ministers, the Expanded Commission of the Cartagena Agreement, and the General Secretariat of the Cartagena Agreement.

The treaty that modified the creation of the Tribunal of Justice of the Cartagena Agreement has been restructured. It was recommended that the Council of Foreign Ministers study the necessary reforms for strengthening the Andean Parliament's role. Specific action was ordered concerning the Andean Development Corporation and the Latin American Reserve Fund.

A special, essential statement has been devoted to the financing of the Andean system, along with remarks on foreign relations.

Mr President, these are the essential points of the Quito Act, which will now be signed.

In addition to the Quito Act, we will also sign the Quito Declaration, referring to the struggle against illegal drugs and related crimes, and a special declaration, called the Quito Declaration on Social Development. Copies of these documents will be released immediately.

Messrs. Presidents, (honored guests), ladies and gentlemen, upon conclusion of the signing of the Quito Act and other additional documents, I hereby close this Seventh Andean Group meeting. [applause] You are invited to the next meeting. The Peruvian president will announce the date of the meeting, which will be held in the first quarter of 1996. Thank you very much.

I believe the Peruvian president himself wants to extend an official invitation.

[Fujimori] Thank you very much, Mr. President. First, and before leaving this hospitable country, I would like, in particular, to express my thanks for the cordiality with which the Peruvian delegation was received here in Quito.

I also want to congratulate the management and administration of President Sixto Duran-Ballen, both in the Rio Group Summit Meeting and in the Seventh Presidential Council Meeting of the Andean Pact, which has just concluded.

Thanks to that management, it has been possible for us to exchange experiences, to evaluate future actions, and to arrive at very valuable conclusions.

The Seventh Presidential Council Meeting, like the previous one, did not have a scheduled date to convene. The Peruvian Government has now taken over the temporary secretariat of the Andean Presidential Council, and we have decided to call a session — despite the fact that a very short period of time will be involved — for the first quarter of 1996, with the obvious purpose of continuing to advance in this integration process. You must not believe that Peru has one foot in this process and one out of it; no, we have both feet in this process.

We have the intention of accelerating this process. Another reason that prompted us to call the council into session during the first quarter of 1996 is the fact that Duran-Ballen's mandate is about to expire. We want him to have the opportunity to visit Peru, and desire for ourselves the very great honor of having him there. [applause]

I am optimistic; I am sure, after experiencing this atmosphere of concord, of distension, and of confidence, that the participation of President Duran-Ballen in a multilateral meeting in which there will obviously be no observations that could exist if it were an official visit will strengthen this link between Ecuador and Peru.

And, as the Ecuadoran president has suggested, prior to this meeting we will have the visit of the distinguished [Ecuadoran] foreign minister, [Galo] Leoro, for talks with his colleague, Foreign Minister [Francisco] Tudela. Thus we can prepare the groundwork a bit better.

I congratulate myself. The president that came here with a certain reserve, and I can say this frankly, is leaving with satisfaction, happy, and leaving the best greetings of the Peruvian people toward the Ecuadoran people. Thank you very much. [applause]

[Duran-Ballen] Messrs. heads of state, a few moments ago I closed the session, and I now hand over the temporary secretariat to the Republic of Peru. Thank you very much for having participated.

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Haiti

High-Level Haitian Delegation Visits United States

PA0509220095 Port-au-Prince Tropic FM in French 1530 GMT 5 Sep 95

[FBIS Translated Text] A high-level Haitian Government delegation led by Prime Minister Smarck Michel, Economy and Finance Marie-Michele Rey, and other personalities will stay in the United States from 5 to 15 September, according to a communique issued by the press service of the prime minister's office.

In Washington, this mission accompanied by Ambassador Jean Casimir will meet officials of the U.S. Government: Warren Christopher, Anthony Lake, as well as members of the Senate and Congress. It will hold meetings with members of the World Bank, of the IMF, and of the Inter-American Development Bank in order to take stock of the performances of the government as far as the economy is concerned and to study at the same time the steps to adopt for the negotiation of the structural adjustment program.

The Haitian delegation will also meet in Washington with members of the U.S. private sector before going to New York where it will have conversations with members of the U.S. private sector including the bank sector as well as association members of the Haitian community.

20 FNCD Candidates Might Participate in Runoffs

PA0509222895 Port-au-Prince Radio Metropole in French 1500 GMT 5 Sep 95

[FBIS Translated Text] Concerning the elections, about 20 National Front for Change and Democracy [FNCD] candidates, who are entitled to participate in the second round of the legislative elections, might run on next 17 September.

These candidates, who have conditioned their participation, wish to meet with President Jean-Bertrand Aristide before announcing their position. Mr. Serge Desroches, an FNCD official, explained that division within the party prompted some candidates to look for a joint position.

The New York branch of the FNCD calls on the leaders of the party to unite again within the front. The representation of the party in the diaspora has severely criticized the various FNCD members who have indulged in a true struggle for the management of the party.

Concerning the preparations for the second round, members of the Registration and Polling Stations [BIV's] and Communal Electoral Offices are attending a seminar at the Christopher Hotel on the role of the BIV members, the use of the electoral material, and the electoral lists.

The Permanent Electoral Council took the opportunity to renew its call to the contesting political parties so that they can participate in the second round of the elections.

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Mexican Army Tells Zedillo Poverty Only Enemy

PA [illegible]50095 Mexico City NOTIMEX in Spanish 1915 GMT 2 Sep 95

[FBIS Translated Text] Mexico City, 2 Sep (NOTIMEX) — The Mexican Army asserted today that the only enemy to defeat at this time is poverty, and then later, ignorance and exclusion.

During a meeting the Armed Forces held with President Ernesto Zedillo on the occasion of his first state of the nation report, National Defense Secretary Enrique Cervantes Aguirre said that "we are not a country of stubborn people." He added that these times should be times of mature, patriotic, and loyal people who promote unity and harmony in order to advance in democracy and social recovery.

Cervantes Aguirre pointed out that the president's message "strengthens us and convinces us that — in spite of the rough times — those who thought that stubborness was in order have been disappointed."

This government has been enduring various attacks, but it has been able to smoothly enter the times of open systems, facilitating and multiplying the openings.

This was possible by persevering in tolerance and in political offers of understanding, adopting the community's determination in the search with the political parties and the various trends for new paths in society.

Cervantes Aguirre established that the starting point of the National Plan is democracy, and its natural and fertile path is the state of law in which we are and in which we must all comply, without exceptions of any kind.

Senators React to Zedillo's Announcement on Tax Reforms

PA0509152395 Mexico City REFORMA in Spanish 31 Aug 95

[Report by Clara Torres — received via Internet]

[FBIS Translated Text] President Ernesto Zedillo announced yesterday to PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] senators that, during the next session, which ends in late December, there would be no tax reforms to increase or reduce taxes.

PRD bloc coordinator Senator Hector Sanchez Lopez reported that President Zedillo had said he will send Congress institutional tax reforms to create a new agency to collect taxes, a task which is currently carried out by the Secretariat of Finance and Public Credit.

In an interview at his office, the PRD senator said, "During the following sessions, there will be proposals on tax reforms but not to increase taxes. There will be no tax reforms during this session."

Senator Fernando Ortiz Arana, who is leader of the Grand Commission, PAN Senator Jose Angel Conchello, PRI Senator Jose Murat, and Senator Sanchez Lopez had breakfast at Los Pinos, where President Zedillo presented his legislative agenda for the session that begins on Friday and which he will discuss with deputies on Tuesday.

At a news conference, Conchello pointed out that in principle at least the idea is that there will be no tax changes. He also said that knowing the agenda in advance leads them to believe that there will be no "surprising tactic, which is one of the most antilegislative practices."

Regarding tax reform, Ortiz Arana said this time it will be an institutional reform to provide legal security and allow a better tax administration in Mexico.

Ortiz Arana added that, as a majority, the PRI members will assume their responsibility and its implications: to seek convergence and agreements with other political forces, become a constructive political axis in the Senate, and put the nation's interest before any private or even party interests.

Ortiz Arana said, "Our responsibility as a majority should cause us to avoid any irresponsible attitude in doing our work and also to fall into the temptation of winning popularity, which is temporary as well as fruitless."

Good News and Bad News

At a meeting with over 100 PRI members, Finance Commission President Francisco Suarez Davila announced a possible 10-percent increase in gasoline prices.

Some legislators, who asked to remain anonymous while describing the details, said Suarez Davila addressed the meeting and announced he had both good news and bad news.

According to the legislators, the good news was that there will be no tax increases, and the bad news was that the cost of gasoline will increase by 10 percent.

Cesar Raul Ojeda Zubieta from Tabasco was among those saying it was impossible to make any further increases which might hurt the people. He was supported by many of those present at the Green House at the Chamber of Deputies.

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Other legislators said the time was past for the PRI to act as a flock of lambs.

No conclusion was reached as to whether a 10-percent increase in gasoline prices will be allowed, but the PRI deputies had divided opinions.

New Appointments at Government Secretariat Announced

PA0109222695 Mexico City XEW Television Network in Spanish 0430 GMT 31 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] There were new appointments at the Government Secretariat today. Government Secretary Emilio Chuayffet appointed Mr. Gabino Fraga Mouret as general coordinator of a new office. When the proper laws are approved, he will be assistant secretary of the Legal and Religious Affairs Office.

Alejandro Carrillo Castro was appointed general coordinator of the Mexican Refugee Assistance Commission. Manuel Burgos de Pinto was appointed general government director. Finally, Enriqueta Cabrera was appointed new director of EL NACIONAL, a government newspaper.

Business Groups Refuse To Support ADE

PA0109193695 Mexico City LA JORNADA in Spanish 31 Aug 95

[Report by Laura Gomez, Matilde Pirez, and correspondents Angel Amador, Jesus Moreno, Martha P. Castro, Alberto Espinosa, Antonio Gonzalez, Jorge A. Cornejo, and Emanuel Salazar — received via Internet]

[FBIS Translated Text] The Coordinating Council of Industrial Associations [Consejo Coordinador de Asociaciones Industriales — CCAI], the National Business Alliance [Alianza Nacional Empresarial — ANE] and the Iztapalapa Businessmen Association [Asociacion of Empresarios de Iztapalapa — AEI] yesterday refused to support the Agreement for Immediate Support to Bank Debtors (ADE), as they consider it "illegal" and "insufficient" to cope with the problem of overdue loans. They urged the authorities to promote a true aid and economic reactivation program.

Moreover, the El Barzon National Union of Agricultural Producers, Merchants, Industrialists, and Lenders of Services, organized new protests in Sonora, Baja California, Tamaulipas, and San Luis Potosi States to demand that the government of Ernesto Zedillo install a national dialogue to bring about an in-depth solution to the problem of overdue loans and seek a new economic program to reactivate productive plants.

After asking all the productive sectors not to restructure their debts under the ADE modality and to create a national defense front, the aforementioned business associate warned of the danger that will confront over 250,000 companies in the next four months, and that 2.2 million people will join the ranks of the unemployed.

ANE representative Jose Maria Imaz Gispert stated that close to half the 500,000 companies that make up his organization are facing the peril of "closing their doors" due to their heavy bank debts, which will not be resolved through ADE. "If they go under, at least 1.5 million persons will lose their jobs permanently," he noted.

In this respect, CCAI Secretary Adolfo Anaya Gonzalez explained that the 10,000 companies of his organization owe 30 billion new pesos, and 7,000 of them are in grave danger, and so are the jobs of 700,000 workers.

During a news conference, Anaya said that this situation had been brewing in recent years and is not the product of the "December mistakes," as some claim. For that reason, it is important for the government "to sit down and negotiate a fair and equitable program to restructure overdue loans to prevent the dismantling of the country's productive plants."

Anaya, who is also the president of AEI, criticized business groups that support ADE. He demanded that they present proofs that debtors' associations and industrialist organizations that cannot pay are seeking "political appointments or great economic interests."

On behalf of the organizations present, he reiterated that "they will not pay a cent to banks because of the existing economic constraints." In addition, he demanded the authorities to seize the banking system and turn it over to true bankers with a nationalist spirit.

In a less pessimistic tone, Eduardo Fernandez Garcia, chairman of the National Banking and Securities Commission (CNVB), acknowledged that the ultimate success of ADE is subject to the course the national economy takes in the near future.

He explained that if there is an economic reactivation in 1996, as Finance and Public Credit authorities have predicted, "profits of companies will increase, and so, consequently, their ability to pay, which in relative terms will increase noticeably."

In addition, he questioned El Barzon Movement's legitimacy and noted that the CNVB cannot consider it a valid interlocutor "since the benefits ADE grants must be evaluated individually by each debtor."

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Demonstrations by El Barzon Movement

In Mexico City, Juan Jose Quirino Salas and Alfonso Ramirez Cuellar, national leaders of El Barzon Movement, announced that they will march on 31 August from the Angel de la Independencia monument to the Banco de Mexico [Banxico] facilities, where they will spend the night and will then listen to the presidential report "hoping that Zedillo responds to our proposal" of having a dialogue "because we are experiencing a true national tragedy."

The members of the so-called New Barzon Movement insisted 24 hours before President Zedillo's first report, that the ADE "is more a political measure which attempts to break up debtors's protests and not a program which truly ends the destruction of the national productive plant."

Meanwhile, some 300 members of El Barzon Movement from Caborca, Guaymas, Ciudad Obregon, and El Rio de Sonora gathered in Hermosillo, formed a chain surrounding the Government's Palace for over an hour, and then filed a complaint before the State Commission for Human Rights against Governor Manlio Fabio Beltrones Rivera.

The members of El Barzon Movement complained that they had repeatedly asked the local executive authority to intervene in the problem of overdue portfolio without receiving any response yet.

In the meantime, in Nogales members of the organization symbolically seized the offices of the banks Banamex [National Bank of Mexico], Bancomer [Bank of Commerce], and Banco Cremi, and amid blankets and posters, reiterated their rejection of ADE which, they said, "does not thoroughly solve" the debtors' problems.

In Tampico in Tamaulipas State, hundreds of members of El Barzon Movement held sit-down strikes near the banks Serfin, Banorte, Banamex, and Bancomer to demand annual interest rates lower than 6 percent, a four-year legal truce to refinance their debts, and to protest because the ADE was "a unilateral agreement reached between the government and the banks."

Santiago Hurtado Coello, leader of El Barzon Movement in Tamaulipas State, said the overdue portfolio surpasses 15 billion new pesos among the 10,000 members in the state. He denounced that thus far in 1995, banks have performed over 3,500 embargoes as well as hundreds of arrests and evictions against members of El Barzon Movement who have not covered their debts.

In San Luis Potosi State, agents from the Municipal Public Security Directorate clashed with members of El Barzon Movement when they headed toward the Government's Palace after marching on the city streets. The contingent of debtors attempted to reach the public building with a tractor at the lead driven by Elvia Agundiz, coordinator of El Barzon Movement in this state. The police blocked the way and set a barricade to block the road. The police finally allowed demonstrators to pass and they held a meeting at the city's main plaza.

In addition, members of El Barzon Movement marched on the main avenues in Tijuana in Baja California State, demanding a solution to their debt problem with the banks because, they argued, the ADE only solves the problem partially.

In the city of Durango, members of El Barzon Movement yesterday had to defend a family whom a court clerk and an attorney attempted to evict. According to Jorge Corona Ruiz, president of the municipal committee of the organization, the officials gave up their undertaking when members of El Barzon Movement arrived.

As part of El Barzon Movement's civil resistance, its members filed at the Higher Court of Justice (TSJ) in Hidalgo 350 charges against banks for "usury" and claimed that legal actions against debtors "have not been suspended." The charges were filed before TSJ Secretary General Jose Sabas Garcia.

Meanwhile, Alejandra Loredo Rojas, leader of El Barzon Movement in Aguascalientes State was arrested on 25 August by alleged judicial agents from this state and Michoacan under charges of "robbing" a small truck. Loredo Rojas accused Governor Otto Granados Roldan of "kidnapping" her and "fabricating" a warrant of arrest with the intent, she pointed out, of repressing the movement.

Loredo Rojas said that because of threats against her in Aguascalientes State, she filed in Michoacan — where she was taken by alleged police agents — a criminal lawsuit for unlawful imprisonment against those responsible.

Finally, El Barzon Movement, the Peasants Democratic Front [Frente Democratico Campesino], and debtors from the Chihuahua People's Market decided to withdraw from the dialogue table with the State Government and to reject the ADE after accusing the local government of using "two policies for the overdue portfolio problem."

On the one hand, they pointed out, the local government negotiates with debtors without positive results and on the other hand, it supports bankers and the measures ordered by the federal government which, they said, attempt to discourage the organizations.

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Small Level Businessmen Reject Bank Debtors Agreement

PA0109132195 Mexico City Radio Red Network in Spanish 0000 GMT 1 Sep 95

[Report by Antonio Guzman from "The Night Monitor" newscast]

[FBIS Translated Text] Many mini-, small-, and medium-level industrialists in the country believe the Agreement for Immediate Support to Bank Debtors is actually an agreement to abolish enterprises rather than to support the debtors.

Raymundo Artis Prior, representative of the National Businessmen's Alliance, said this is proved by the fact that the support outlined in the agreement is mainly intended to save the Mexican banking system's image than the millions of debtors affected by the financial crisis.

[Begin Artis recording] In other words, it provokes [word indistinct]. The truth is that it solves nothing. It solves nothing because it was not made to solve anything. It was made so that, when bankers submit their profit and loss reports, it is clearly understood they have a debt that they can collect because their clients have stated their intention to pay — by signing a series of letters. That is what will spare them the criticism in Washington. [end recording]

He insisted it is better to turn in the keys to the enterprises that still survive because they can hardly be saved by this type of action, and without the existence of a defined industrial strategy that really reactivates the production, the market, and the economy in general.

Moreover, Pedro Salcedo, president of the National Processing Industrialists Association, said the banks have only one option to save themselves — they must talk with all the debtors and jointly seek actions to mutually save them.

[Begin Salcedo recording] There is really no way out if we do not talk, participate in a dialogue, and adopt an agreement. We think and believe that banks can really save themselves if they talk with us and if we reach a good agreement. [end recording]

The situation is so severe for the businessmen that they said at the news conference they are already thinking about participating in politics and running for the assembly because these representatives' incomes — following an increase — will be higher than what the businessmen earn with their enterprises.

[Begin Salcedo recording] We need a political sinecure. It would be fantastic because I would leave my small enterprise if I could earn 23,000 pesos. I could then work in the assembly or somewhere else. I agree with them. [end recording]

Bancomext Reduces Interest Rates for Exporters

PA0109164795 Mexico City NOTIMEX in Spanish 2141 GMT 31 Aug 95

[FBIS Translated Text] Monterrey, 31 Aug (NOTIMEX) — Enrique Vilatela Riba, National Foreign Trade Bank of Mexico [Bancomext] director general, today announced that the interest rates in credits for exporters will be reduced half a point, thus benefiting approximately 16,000 exporters in the country.

As he presided the forum "Exporters Support the Alliance to Promote the Economic Recovery," along with Nuevo Leon Governor Socrates Rizzo, Vilatela said that programs to restructure long-term liabilities in dollars were also implemented.

The official pointed out that the reduction in credit rates will benefit approximately 16,000 Mexican exporters and will allow the reactivation of foreign trade, which the effects of the economic crisis have adversely affected.

He explained that, starting on 4 September, Bancomext will charge a rate of LIBOR plus 4.5 points and a rate of LIBOR plus 5 points, according to the credit scheme exporters use in each particular case. He added that, starting on that date and within the framework of the Agreement for Immediate Support to Bank Debtors (ADE), which the government and banks signed last week, "we will be able to announce an additional half-point reduction in interest rates."

The Bancomext official underscored that "we reopened two Bancomext programs: the first program deals with the possibility of granting long-term loans to restructure exporting companies' liabilities in dollars."

In addition, he said that the granting of loans for Mexican companies that are facing competition from foreign companies in the Mexican market and that are experiencing the imbalance in foreign financing will start again.

The director general mentioned that Bancomext, at the same time, will strengthen the credit support programs for Mexican companies involved in projects that the international financial competition is adversely affecting.

Prior to the act, the bank official signed a cooperation agreement between Bancomext and the U.S. Agency for International Development, which the firm "International Executive Services Corporation [previous four words published in English] (IESC)" is representing in this northern city.

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He explained that the IESC is an international organization for the development of businesses, that it is a nonprofit organization, and that it gathers more than 13,000 retired executives, who offer technical advice to exporters and importers.

Vilatela maintained that the institution granted financial support for approximately $5.3 billion from January to August 1995 and that it will grant an additional $5.7 billion in the next four months to support the export sector.

Roundup of Mexico Economic Developments

PA0409233195

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 4 September.

According to a Mexico City, 3 September datelined item, official sources announced that Mexico had received nearly $5.4319 billion in revenue during the first seven months of the year from the domestic sale of petroleum by-products, which represents 83.9 percent more than revenue received during the same period last year. In a communique issued by state-owned agency Mexican Petroleum (Pemex), it was announced that during the January-July period, Mexico had sold 474,500 barrels per day of crude oil by-products in the domestic market, mostly in the form of gasoline and diesel. During the first seven months of the year, domestic sales of an average of 481,200 barrels per day of Nova Plus and Magna Sin gasolines resulted in $2.5423 billion in revenues; a 108.3-percent increase in comparison to the same period in 1994. (Mexico City NOTIMEX in Spanish 0017 GMT 4 Sep 95)

Pemex announced today, according to a Mexico City, 1 September datelined item, that it had decided to lower the price of heavy crude for industrial use throughout the country. The company pointed out through a spokesman at its Petroleum Products, Liquefied Gas, and Petrochemical Price Committee, that the new price structure would be in effect as of Friday, 8 September. Pemex also explained in its communique that the new price structure reflects trends in the international market, and had taken differences in the quality of crude oil produced in each of Mexico's refinery into account. (Mexico City NOTIMEX in Spanish 2347 GMT 1 Sep 95)

Mexican Petroleum announced today that drilling operations of a well in the southern state of Campeche had concluded and that production at the same well had been forecasted at more than 10 billion barrels of crude per day, with an investment of $6.24 million. A Mexico City, 1 September datelined item points out that Pemex Director Adrian Lajous Vargas explained that drilling operations had concluded this past 21 August in the maritime region of Campeche sound, located in the Cantarell complex, off the country's southeastern coasts. The new well, which has been named "Cantarell 2074," is expected to be one of the most important in a region that already contributes 50 percent of total crude production. During 1994, this region produced 961,000 barrels per day out of the total amount of 2.68 million barrels extracted throughout the country. (Mexico City NOTIMEX in Spanish 1028 GMT 1 Sep 95)

A poll conducted by the Mexico City Chamber of Commerce (Canaco) shows that during the second quarter of the year, 94.5 percent of small- and medium-sized business establishments in Mexico City experienced, on average, a 52.8 percent decline in sales. In the meantime, 86.8 percent of these establishments claim that the cost of merchandise had increased by 45.6 percent during the same period. The poll was conducted between the April-June period and also revealed that 81.8 percent of these companies are confronting problems in repaying suppliers. Commercial activity during the past few months, according to the poll, has been taking place in a climate of "uncertainty" as a result of the abrupt devaluation, and the subsequent economic destabilization. (Mexico City LA JORNADA in Spanish 31 Aug 95 — received via internet)

A Mexico City, 30 August datelined item reports that the Bank of Mexico (Banxico) had announced a general increase in the short term Treasury Certificates (Cetes) after having been declining for the past six consecutive weeks. Banxico explained that the leading 28-day rate had gained 1.25 percentage points and settled at 35.40 percent during the weekly government auction that took place on 29 August. The Mexican central bank also explained that the yield for 91-day Cetes had risen by 1.31 percentage points with respect to the last auction, and closed at 36.71 percent. (Mexico City NOTIMEX in Spanish 1733 GMT 30 Aug 95)

The National Bank of Mexico (Banamex) announced, according to a Mexico City, 30 August datelined item, that it had placed $503.8 million worth of certificates the maturity date of which will fall in September 2002, and will be repaid in 84 consecutive monthly payments. A bank representative explained that the certificates issued represent the sale of future Visa and Master Card accounts receivables originating from Banamex's purchase and processing of international credit cards promissory notes. The same source added that the certificates carry an 8.92 interest rate to maturity, which represents a differential of 275 points over the corresponding maturity of 3.9 years for U.S. Treasury

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Bonds. (Mexico City NOTIMEX in Spanish 0913 GMT 30 Aug 95)

A National Banking and Securities Commission (CNBV) report reveals that during the first six months of the year, the Mexican private banking system had dismissed 10,555 workers, an average of 1,759.16 employees per month. The number of workers employed by the private banking system at June 1995, according to the CNBV, was 131,188 workers, 7.5 percent less that in December 1994. The CNBV report adds that the firing of 58 banking employees per day during the period between January and June 1995, took place even though the number of private bank branches increased from 4,864 to 5,106, a trend that represents a 4.97 increase. (Mexico City LA JORNADA in Spanish 30 Aug 95 — received via internet)

PAN Leads in Federal District Poll

95P21006A

[FBIS Editorial Report] The August issue of Mexico City's political specialty magazine VOZ Y VOTO reports that a recent telephone poll of Federal District residents discovered unprecedented strength for the opposition National Action Party (PAN), which in the Federal District, as in most of the country, has always trailed the ruling Institutional Revolutionary Party (PRI) in electoral contests.

While respondents identified the country's "most important" political parties as, first, the PRI, second, the PAN, and third, the Party of the Democratic Revolution (PRD), 33 percent said the PAN was the party for which they would vote "if the elections were held today."

Also noteworthy was the 24 percent preference expressed for the PRD, ahead of the 18 percent for the PRI, which, except for the 1988 general election return in the Federal District, has always led the PRD or its predecessors. Those who gave "no response" totaled 25 percent.

The respected monthly noted that the 12-14 July survey questioned 400 persons whose names had been drawn from the Mexico City telephone directory's white pages.

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Guatemala

President Orders Police, Army To Protect Power Plants

PA0409221995 Guatemala City Televisiete Television in Spanish 1900 GMT 4 Sep 95

[From the "Channel Seven News"]

[FBIS Translated Text] Guatemalan President Ramiro de Leon Carpio has confirmed that since very early in the morning Army and Police units were deployed to various power plants to prevent power company workers from carrying out acts of sabotage against the electricity service in the country.

[Begin De Leon Carpio recording] I am not going to allow the sabotage or the suspension of the electricity distribution service. Based on the constitutional norms to which any government enterprise is subject, especially one providing essential services, we initiated operations today at 0300. The installations are being protected by the military and the police to prevent illegal actions from being carried out that can hurt the Guatemalan people.

I am the president of all Guatemalan people. My primary obligation is to protect the rights of all Guatemalans and I am not going to allow, as I said yesterday, the sabotage or the suspension of the electricity service. We have made great efforts to prevent the rationing of electricity, not even power outages, and it would not be fair to suspend this service just because there are political or economic interests behind this to hurt the population. So the security operation was initiated today at 0300 in the various power generation and distribution centers in the entire country. [end recording]

Finance Minister Submits 1996 Budget Priorities to Congress

PA0309201995 Guatemala City LA REPUBLICA in Spanish 1 Sept 95 p 10

[Article by Henry Hernandez Marroquin]

[FBIS Translated Text] Finance Minister Ana Ordonez de Molina yesterday submitted to Congress the basic guidelines and priorities for the 1996 fiscal budget proposal totaling 11.3456 billion quetzals for the new administration, which will be elected in the 12 November general elections.

Ordonez de Molina's participation during the presentation helped to explain to mainly PAN [National Advancement Party] and FRG [Guatemalan Republican Front] deputies where the income and expenses of the nation are committed, although the two political groups have already decided that they will seek decentralization to fight poverty, and investments in health, justice, security, education, and infrastructure, in general.

The most important thing for Molina de Ordonez is to have an income tax base that can grow. This year, approximately 6.5695 billion quetzals are expected to be collected in taxes, and in 1996, a total of 8.665 billion queztals are expected from the financial modernization that began in 1994 and the 10-percent tax to be implemented in January 1996.

Of course, when a peace agreement between the URNG [Guatemalan National Revolutionary Unity] and the government is signed, the fiscal policy will be oriented toward stabilizing and increasing economic growth. Hence, the proposal includes plans for decentralization by strengthening the funds for peace, solidarity; social, agricultural, and land investments; rural education; Indian development; housing; and child welfare.

Its basic objectives include the consolidation of democracy and law and order, giving priority to the General Agreement on Human Rights, resettlement of the people displaced by the armed conflict, and the recognition of the identity of the Indian people.

The fight against poverty and the decentralization of the state are based on guidelines that include subsidies, community solidarity, cooperation and self-help, and contact with and focus on the needs of the people. A legislative commission is drawing up a special bill that includes the decentralization of territorial administration.

The transformation of the productive sector seeks to stimulate growth, increase productivity, and create jobs, by consolidating a stable and sustained macroeconomic foundation.

Ordonez de Molina says that the preservation of the environment is a determining factor. The rational use of natural resources will be encouraged with an allocation of 126.1 million quetzals. Water resources, the use of renewable resources, reforestation, and the conservation of soil and protected areas will be safeguarded.

In relation to the previous issue, agricultural expenses will increase. In 1996, agricultural expenses will increase by 16.4 percent compared to current 1995 expenses. Operating costs will increase by 15.2 percent, and investment costs will increase 17.1 percent. That is, agricultural investments will increase by 66.2 percent wilthin the total cost of the sector.

Likewise, the transportation sector will maintain its current infrastructure, and the projects that have already been initiated will be completed with an allocation of

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1.1706 billion quetzals, an increase of 211.6 million quetzals compared to 1995.

Municipal development is oriented toward financing local projects, with the participation of organized communities. Its budget allotment will be 510.4 million quetzals. The goal in health and social aid will continue to be to reduce the prevalence of sickness and death by fostering preventive measures with a budget of 1.4778 billion quetzales.

In education, the policies covering preschool and primary education, with emphasis on the rural areas, will continue with a budget of 1.9194 billion quetzals.

In short, according to the proposed budget that will be officially submitted to Congress today, in 1996, social expenses will increase by 579 million quetzals, operational expenses by 175 million quetzals, investments by 531 million quetzals, and foreign debt payments will increase by 203 million quetzals.

Banguat Official Remarks on Losses Due to Government Debts

PA0109145395 Guatemala City PRENSA LIBRE in Spanish 30 Aug 95 p 86

[FBIS Translated Text] Economist Antonia de Bonilla, vice president of the Central Bank, yesterday said that the accumulated operational losses of the Bank of Guatemala, Banguat, exceed 10 billion quetzals resulting from mismanagement of the exchange rate in the last decade, which will be resolved when the government is able to significantly amortize its debt.

She explained that *the accumulated amount of Banguat losses fluctuate between 10 and 12 billion quetzals, but that these losses originated in the 1980's as a consequence of exchange rate subsidies, financing of the government at interest rates below market rates, and the exchange guarantees the Central Bank granted. In other words, Banguat took banking risks and incurred losses as it purchased expensive foreign exchange and sold it at cheap prices.*

She then assessed that corrective measures have been implemented since 1991, because Banguat stopped financing the government, which was a decision initially made by the Monetary Board and later included in the constitutional reform. *The bank has been paying off its debts and stopped acquiring more debts to finance productive activities; therefore, it stopped granting exchange guarantees, in addition to the fact that interest rates and the exchange market were deregulated in 1989 and March 1994, respectively,* Bonilla added.

She remarked, however, that, currently, the main sources of loss are the stabilization policy costs, mainly because of the sale of securities in the market, and the foreign debt balance.

We believe that in order to significantly reduce the amount of Open Market Operations [Operaciones de Mercado Abierto], OMA's, and the banking reserve rates, not only an amortization of the debt balance the government has with the Central Bank (which amounts to 1.5 billion quetzals) is necessary, but it also needs to pay the entire undocumented debt (the subsidies Banguat granted to the public sector, she pointed out.

The Government Must Budget More Payments

As a suggestion to resolve this situation and make monetary policies promote investments and economic growth, in addition to lowering interest rates, Bonilla recommended budgeting certain amounts to be able to discount this debt and make significant amortizations annually.

The economic cabinet analyzed the revenues and expense budget for next year and found out that an amount similar to that previously paid (400 million quetzals each year) and another 450 million quetzals that could emanate from the sale of assets constitute what has been allocated. With the exception of these two amounts, there is no other payment to Banguat planned, she maintained, adding that *the analysis of monetary policies, the impact on interest rates by the issuances the Central Bank made in the last few years, and the current banking reserve rates must constitute priorities for the new government.*

Maul Says the Government Must Capitalize Banguat

Economist Hugo Maul, National Economic Research Center [Centro de Investigaciones Economicas Nacionales], CIEN, president, yesterday said that *it is necessary for the government to capitalize the Central Bank to lower these operational losses, because the only manner in which Banguat can finance them at the end of each year is by minting money (which triggers inflation and devaluation).*

He also said that it is necessary for the government to accept the Banguat debt, which will allow us to lay the foundations for sustained anti—inflationary policies.

According to Maul, in order for the government to capitalize Banguat, cash losses could be amortized once and for all, or part of the debt could be paid off each year so that the Central Bank will not have to mint new quetzals to finance its losses.

He explained that this figure constitutes an annual loss of 1 billion quetzals, which represents approximately 1 percent of the GDP. These results show that, even

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though the government has fiscal discipline, Banguat is weak in this regard. This is why it loses money, he concluded.

Business Leader Comments on Reasons for Banguat Losses

PA3108194595 Guatemala City PRENSA LIBRE in Spanish 30 Aug 95 p 86

[FBIS Translated Text] The operational losses that Banguat [Bank of Guatemala] suffered were due to poor monetary, exchange, and credit policies of the past, and although corrections have been made, they must be continued to eliminate current losses, said businessman Jorge Briz Abularach, president of the Guatemalan Chamber of Commerce and private sector delegate to the Monetary Board.

In his opinion it is essential to decrease the current volume of open market operations, promote the decentralization of foreign currency, and establish competitive interest rates in the market to encourage investments.

The fiscal deficit must also be corrected and the government must pay its debt with Banguat and promote a serious effort to privatize and fight monopolies to generate fresh resources that will correct many current problems, Briz added.

Frontrunner Arzu's Qualifications Viewed

95CA0362A Guatemala City CRONICA in Spanish 11 Aug 95 p 39

[Commentary by Lucy Martinez-Mont: "The PAN Era"]

[FBIS Translated Text] Barring acts of God, the National Vanguard Party (PAN) will be the big winner in the coming electoral contest. The collapse of the candidacy of General Efrain Rios Montt, the strategic mistakes made by his advisers, and recent revelations concerning the internal crisis of the Guatemalan Republican Front (FRG) have paved the way. Alvaro Arzu Irigoyen, the decent politician who has captivated pollsters but not voters, the presidential candidate who in 1990 obtained fewer votes than Alfonso Cabrera Hidalgo, has suddenly become a viable option.

Alvaro Arzu is an experienced candidate. He has won two municipal elections, although in the case of the first, in 1982, the coup d'etat intervened between him and the mayoralty. While he is no silver-tongued orator, his rhetoric is soothing and gentlemanly. His political propaganda, which may be too sophisticated for the masses, has always been an agreeable blend of color and sound. His party's organization and discipline bear witness to his respectful leadership and a democratic administration.

From the outside, the National Vanguard Party has always been seen as a group of individuals who are idealistic but naive, honest but lost in time and space. In Arzu's two campaigns for the mayoralty, it became obvious that his basic promise was more form than substance. The tiresome little song "United we will fight for justice...United we will fight for truth..." was out of place in a municipal contest.

Nevertheless, when he assumed office in 1986, Arzu handled the city's problems rather than justice and truth. In so doing, he demonstrated that the conceptual nebula that he harbors in his brain does not keep him from being a practical man. He was a good mayor.

Now it is the office of president that is the prize and the first question that arises is who Arzu's main opponent will be. The disaster that has befallen the Guatemalan Republican Front, which started with the condemnations and resignation of Arturo Soto, eliminates that party as a dangerous rival.

Among the other candidates, only Fernando Andrade has the backing of a strong party structure, but his candidacy has not taken off. The latest surveys of voting intentions show that the DC [Christian Democratic Party]-UCN [National Center Union]-PSD [Democratic Socialist Party] troika is on a par with the plaintive groupings, with a pitiful percentage of voting preferences.

The second question that arises is: Will there be a second ballot? In 1990, frustrated voters from the Guatemalan Republican Front sought refuge in the lap of the Solidary Action Movement (MAS), but in 1995, none of the candidates has a clear religious or political affinity with the FRG candidate. Experts are predicting that votes fleeing the FRG will be randomly shared by all the candidates. Nevertheless, inasmuch as no one would knowingly bet on a loser, it is highly likely that Arzu will capitalize on a significant fraction of those votes.

Even so, if Arzu does not obtain over 50 percent of the valid votes on the first ballot, however gaping the distance between him and the candidate in second place, the election will be decided on the second ballot. In this case, one peculiar characteristic of Arzu and PAN takes on particular importance.

Neither the candidate nor the party expresses firm opinions on the great controversial issues of national life. No one knows whether Arzu is for or against agrarian reform, privatization of the Guatemalan Telecommunications Enterprise (GUATEL), public employees' unions, the meddling of MINUGUA [UN Mission in Guatemala], Accord 169, protectionist tariffs, the prerogatives of CACIF [Coordinating Committee of Agri-

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cultural, Commercial, Industrial, and Financial Associations] or education reform.

What we do know, however, is that Arzu wants all Guatemalans to live better in a better Guatemala. We also know that when he is president, he will put honest people in the highest posts of the executive branch, and we are assuming that the National Vanguard Party will dominate Congress. Moreover, everything indicates that PAN lacks a government program with concrete strategies.

Under the current circumstances, this apparent weakness could be a strength. Arzu is not confrontational. He does not rouse antagonistic passions in any major grouping of voters. If the election is not decided on the first ballot, it will be very difficult for the candidate competing with him on the second ballot to rally the votes of the losing candidates. Nor is it likely that a slogan such as "Everyone Against Alvaro Arzu!" would act as a binder!

In short, barring acts of God during the three months remaining between now and the election, Alvaro Arzu will win the presidency on the first or second ballot. This is no tragedy because Arzu is a good man. However, I would suggest that a critical look be taken at the administration of Ramiro de Leon Carpio, another good man, who passed through the office of president leaving scarcely a trace.

To be a good mayor, one has but to be a better administrator than the individuals of dubious honesty who occupied the post before him. To be a good president, one needs the wisdom of a political strategist, based on clear convictions, well-defined purposes and unbending principles. May God help Alvaro Arzu to develop such wisdom, and may God help Alvaro Arzu be a good president.

Honduras

Congress Official on Financial Organizations' Pressure

PA0109134295 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 31 Aug 95 p 11A

[FBIS Translated Text] Tegucigalpa — International financial organizations are exerting pressure so the new National Banking and Insurance Commission is approved as soon as possible.

The information was revealed by Rolando Cardenas, vice chairman of the National Congress' Currency and Banking Commission, after a meeting with IMF representatives, where he explained the progress achieved concerning the draft bill on this new organization.

Cardenas said the international financial organizations also exerted pressure to expedite the approval of a new Finance System Law.

He emphasized that the pressure exerted by certain organizations includes the proposal from the IDB [Inter-American Development Bank], which has indicated that the disbursement of $60 million for industrial reconversion programs will not be authorized until these laws are approved.

Cardenas also explained his commission has never precluded the possibility of allowing the private sector to join the National Banking and Insurance Commission.

He indicated it is possible this business sector will join the commission at the end of the discussions because they have Gustavo Alfaro, otherwise known as deputy 129. He is adviser to the Legislative Branch president and executive director of the National Association of Industrialists (ANDI).

"Deputy 129 has suggested that the commission have a private sector representative, and he represents the business sector at the National Congress," the Liberal Party of Honduras [PLH] deputy indicated.

Cardenas said it will be necessary to wait until the lobbying for the commission's creation and integration ends, however, only two of the five deputies who make up the Legislative Committee agree that the private sector should join this new organization.

It was learned that, out of the five deputies, only Alberto Rodriguez Espinoza and Oscar Armando Avila — both of the PLH faction — are in favor. Meanwhile, Donaldo Reyes Avelar, a deputy of the National Party of Honduras, and Desiderio Carbajal, representative of the PINU [Innovation and Unity Party], and Rolando Cardenas are against this.

It was also reported the Legislative Committee was recently reorganized and Deputy Oscar Armando Avila was appointed chairman; and Cardenas was appointed deputy chairman. Thus, it is believed the private sector will finally join the organization with Avila as chairman.

Deputy Avila also holds the post of third vice president of the National Congress.

Nicaragua

Army Chief Interviewed on New Role, Issues

PA0609020695 Managua Canal Cuatro Television in Spanish 0400 GMT 1 Sep 95

[Interview with Army Commander in Chief General Joaquin Cuadra Lacayo by unidentified reporter; date

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and place not given; from the "Extravision" newscast — live or recorded]

[FBIS Translated Text] [Reporter] In this edition, General Joaquin Cuadra Lacayo, commander in chief of the Nicaraguan Army, is here with us. We thank Gen. Cuadra for having granted us this interview, which we present to mark the 16th anniversary of the creation of the Nicaraguan Army.

General, let us begin by first discussing general issues then later we will move on to more specific ones. We would like to hear what the objectives and goals of the Army are, as well as the perspectives for complying with these goals and objectives.

[Cuadra] Recently, we have experienced very difficult periods for our institution. We have experienced periods of political incomprehension from different sectors, which refused to accept this Army as their Army, as the Army that represents and protects all Nicaraguans without regard for political or religious affiliation. I believe the responsibility the Army has demonstrated, the deep conviction of giving to the next generations a truly professional Army, a truly apolitical Army, a real Army governed by very clear norms and regulations, with a correct and harmonious subordination to civilian power, has induced in various sectors of the Nicaraguan population an acceptance of the Army, credibility in the Army.

I believe that this basic, important institution — this key institution of the Nicaraguan State — has been at the vanguard in adopting the aforementioned steps.

[Reporter] Precisely regarding those changes, last decade when a revolutionary system was in place, the Army had its own military policy. I imagine that policy has changed. What can you say about those changes? What do these changes entail concerning the policy of military doctrine?

[Cuadra] Well, fundamentally two basic elements must be taken into consideration. The first element is that we are now experiencing a situation of peace. In other words, in the past when we were at war, obviously the conception and doctrine of the Army and the revolutionary Nicaraguan state as a whole at that time, consisted of a military policy aimed at preparing the country and its Armed Forces, the entire population, to be ready to fight against a superior foreign aggression.

Today our country is experiencing a different situation, characterized fundamentally by a situation of peace, which is increasingly taking hold in Nicaragua. The stable and long-lasting peace in our country is obviously becoming more irreversible each time [four-second break in reception] and of the Army too. It has become accustomed to these new times, to these new conditions in which we now live.

Today, as I said before, after undergoing a large Armed Forces reduction process, very painful and traumatic, after sustaining a very large internal reorganization, we are working on giving a true institutional foundation to the Army. This is the principal task at hand at this moment.

[Reporter] And in the face of this new situation, how are the relations with Central American armies and the U.S. Army in particular?

[Cuadra] Well, it should be pointed out that we maintain cool relations with the Central American armies in some cases and nonexistent in other cases. This is the product of the war situation we experienced in the past, when these armies opposed our Army and were even considered by us as true potential enemies, as true potential attackers of our country.

It was evident that in Honduras, under the sponsorship of the Honduran Army, the United States, the CIA, organized the contras and sent huge contingents to attack our country. The Honduran Army protected ... [pauses] in fact, in the past decade we had some skirmishes with the Honduran Army. Some Honduran soldiers were killed as a result. The same thing happened with Costa Rica. There, we had skirmishes with some members of the Costa Rica Civil Guard on some occasions.

Consequently, our army's relations with Central American armies is beginning to develop. It is beginning to develop on a new base of respect, as well as on the context of a Central America that has changed, of a world and an international correlation that have changed, and on the base that our army has a clear origin, very different from the origin the other Central American countries had. That does not mean we cannot find points of concurrence with them. We have been exploring those points these past weeks.

With my recent visit to El Salvador, we did not go to restore relations, because it was not that the relations that existed were broken. Instead, we went to establish relations that never existed before. We have no relations with the United States, but we do have diplomatic and military exchange, strictly speaking. I believe that some sectors in the United States still harbor political prejudices regarding the Nicaraguan Army, mainly in that country's political sectors, but that is not so in the U.S. Armed Forces. Every time, we meet with them, there are no problems. As for them, they express their willingness to establish normal relations. Still, some U.S. politicians still live...

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[Espinosa, interrupting] The U.S. Congress.

[Cuadra] In the U.S. Congress, there are still highly influential conservative sectors that are still living in the Cold War period.

[Espinosa] You said that in the past decade, the Army had to devote itself to war. Now, it has the chance to be an Army devoted to peace. Can you give us a description of what a Nicaraguan soldier is like now?

[Cuadra] A soldier always continues to be person whose main mission is to defend the fatherland through armed means. We can never forget that we cannot be swayed by idealism and believe the Army will not stop preparing itself militarily, perform the tasks it has to so that the Nicaraguan state, the country, can have a force whose main duty, as established by the Constitution, is to defend the fatherland militarily.

In case the fatherland is attacked, it has to lead all Nicaraguan patriots to defend their fatherland through armed means. To be sure, peacetime imposes new tasks, which we have undertaken with great joy and enthusiasm.

Today's soldier, while he gets his military training, today's officer, while he receives a military and academic education, are servicemen that will also be found in the hundreds in literacy campaigns in Managua's neighborhoods. He is a serviceman that will be found in our country's forest reserves. He is a serviceman that upon completion of his training can be found protecting sea turtles off Nicaragua's Pacific Coast. You can find him at the forefront whenever there is a natural disaster in the country.

More From Interview

PA0609032995 Managua Canal Cuatro Television in Spanish 0400 GMT 2 Sep 95

["Exclusive" interview with General Joaquin Cuadra. Lacayo, commander in chief of the Army, by an unidentified reporter on occasion of the 16th anniversary of the Nicaraguan Army's creation, place and date not given; from the "Extravision" newscast — recorded]

[FBIS Translated Text] [Reporter] Now we are going to discuss politics. According to our country's political constitution, neither the members of the Army nor the institution can play active roles in politics. Nevertheless, it cannot be denied that it is only human nature for members of the Army to have political views and inclinations. How can you reconcile your duty to what could be described as the soldiers' rights as human beings?

[Cuadra] First of all I must tell you that as an institution we are, in fact, interested in politics, which play a decisive role in national events. The Army plays the important role of creating the conditions so that the country's political life can be normal and civilized.

For example, the work that has been done over the past few months and years to intensify pacification in the Nicaraguan countryside has obviously allowed the political parties to peacefully express their views and carry out their activities in the northern and central departments, which were undermined by criminal gangs. The Army established stable peace in those departments that had not been pacified, obviously creating the conditions for the political parties to conduct their activities.

It is my hope — a hope I believe is shared very strongly by many sectors of our country — and I am convinced that it will be possible to conduct political activity in Nicaragua normally, peacefully, and calmly. The main part of political activity, the elections, is where every contradiction is expressed, every idea is passionately debated, and participants confront each other in the news media. As we begin an electoral process in a country as highly politicized as Nicaragua, I am convinced, I am certain that in 1996 the Nicaraguan people will be capable of carrying out an electoral process and, like the 1990 elections, it will set an example for the world. I am fully convinced of that.

[Reporter] What is the difference between the 1990 and 1996 elections?

[Cuadra] You must remember that during the 1990 elections, the contra still existed as a military phenomenon. There were dozens, hundreds of them; I believe the final mobilization was conducted after the elections, several months after Dona Violeta took office. Over 35,000 contras were demobilized. The Army had already begun its reduction process.

[Reporter] I remember that took place in El Ayote.

[Cuadra] El Ayote, yes. With Franklin. The 1990 elections took place within the context of a war, and the Army had to shed blood to guarantee those elections, a great deal of valuable blood. I am confident that in contrast, to defend and guarantee the upcoming elections, we will not have to shed the blood we shed in the past. I am fully convinced of that and I believe this constitutes historical progress and is a qualitative difference with regard to the 1996 elections.

[Reporter] Does the Army have a candidate for the elections?

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[Cuadra] No, Manuel. The Army does not have a candidate. The members of the Army have the constitutional right to vote, but the constitution and the military code prohibit political proselytism within Army headquarters and they prohibit the Army from expressing its views or taking an active part in politics. The Army is obviously interested in politics; we follow political phenomena that are historically linked to our country's fate which is our fate. We are respectful, highly respectful of the different political forces and political parties involved in Nicaragua's reality, and we are also going to be very respectful of the results expressed in the upcoming elections.

[Reporter] Even if Arnoldo Aleman wins?

[Cuadra] Even if Arnoldo Aleman wins because if the people elect him as their president, no one in this country can stop it.

[Reporter] Gen. Cuadra, it is said that your father Dr. Joaquin Cuadra Chamorro could be the Sandinist Front's candidate. How would you reconcile your duty to your unquestionable affection for your father?

[Cuadra] I believe, Manuel, that that is a recent rumor. I will not respond to rumors as an individual or as a military person because I do not believe it would be correct or adequate to do so. My father's candidacy is but a rumor because there is nothing serious in that regard. I have not discussed that issue with my father nor has he asked me or brought up the subject, therefore, I do not believe it would be worthwhile to express any views regarding a rumor; not as a military person or as an individual. Rumors are rumors.

[Reporter] On "Extravision" I have conducted an exclusive interview with Gen. Joaquin Cuadra Lacayo, commander in chief of the Nicaraguan Army, whom we thank for his time.

I would like to take advantage of this occasion, General, to congratulate the Army and all its components, the top hierarchy, officers, and soldiers, wishing them success in the future.

[Cuadra] I would like to use your cameras to share this salute with our people; your program is seen by many Nicaraguans. I also thank you for this opportunity.

[Reporter] Thank you very much General.

Lacayo's Wife Files Recourse Against Constitution

PA0609013895 Managua LA PRENSA in Spanish 2 Sep 95 pp 1, 10

[Unattributed report: "Wife of Minister Lacayo Files Unconstitutionality Recourse"]

[FBIS Translated Text] Cristiana Chamorro Barrios yesterday filed a new unconstitutionality recourse against the Political Constitution which, among other things, challenges the inhibitions contemplated by Law 92. This becomes the 25th appeal submitted to the Supreme Court of Justice.

In the recourse filed before the highest court of the country, Chamorro Barrios said "I feel obliged to challenge Law 192 in the parts I mentioned, as daughter of Pedro Joaquin Chamorro Cardenal and of Violeta Chamorro."

Cristiana Chamorro Barrios, wife of Presidency Minister Antonio Lacayo, expressed in her recourse that the arguments her father used 25 years ago against the Somoza dynasty cannot be used now to curtail her political and citizen's rights.

Chamorro Barrios insisted that the political context of the Somoza dictatorship cannot be compared with the democratic reality being experienced now during the government of her mother, Violeta de Chamorro, against whom she always filed the action.

In the unconstitutionality recourse, which has 16 pages, Chamorro Barrios argued that limiting the political rights of Nicaraguans on the grounds of prolonging the same government and family relationships, responds to political interests of individuals who want to stop the natural development of representative and pluralist democracy in Nicaragua.

Cristiana, just like Presidency Minister Antonio Lacayo, who strongly opposes the inhibitions contemplated in the reforms, stated that Law 192 was promulgated with the intent to exclude specific persons from political participation, thereby discriminating against Nicaraguan citizens.

She said she is confident that the Nicaraguan Constitution speaks of absolute equality, and it establishes equality between men and women in the fulfillment of their rights, obligations and responsibilities, without any inhibition to exercise the same.

Chamorro Barrios added that the articles that guarantee her political rights are included in the international pacts and agreements of which Nicaragua is a signatory party and, therefore, is bound to respect.

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Throughout her recourse, Chamorro Barrios contested Law 192, arguing that it contains the aforementioned discriminatory measures, procedural vices in the approval of Law 192, and the non-retroactive nature of the Law, which, according to the constitution, states that it may be valid retrospectively only regarding penal affairs when it favors the accused.

The action of Chamorro Barrios is brought against National Assembly President Dr. Luis Humberto Guzman and against President Violeta Barrios de Chamorro, her mother.

In her recourse, Chamorro Barrios asked the Supreme Court to give legal course to her appeal and that, through a firm ruling, it declare the unconstitutionality of the articles described by her as incompatible with the very constitution and international treaties on human rights.

According to Chamorro Barrios, the articles mentioned by her in Law 192 "contradict the sovereign will of the Nicaraguan people of establishing and recognizing the institution of fundamental rights in the very constitutional text, whose full intent can be found in Article 46 and all constitutional provisions mentioned by her in her appeal. [no closing quotation marks as published]

The petitioner designated the legal firm of Dr. Max Hernandez to hear the notifications in Managua.

Tijerino: FLSN To Have 3 Factions in Legislature

PA0509225695 Managua LA PRENSA in Spanish 2 Sep 95 p 10

[Report by Cesar Ubeda Bravo]

[FBIS Translated Text] According to comments made by Doris Tijerino, the once monolithic Sandinist representative faction will have three legislative blocs in the National Assembly. Tijerino is fostering a third movement, separated from the orthodox FSLN [Sandinist National Liberation Front] and the Sandinist Renewal Movement [MRS].

Doris Tijerino told a local radio station: "We have started a friendly and respectful process to attain an official and legal separation of an independent legislative faction, a process which has yet to be completed. We are still discussing how we are going to do this."

On Thursday, Tijerino met with the faction led by Dora Maria Telles of the MRS to officially state her intention to create a new Sandinist faction.

Tijerino said the three blocs would have independent functions. "We first want to solve the political issue, and we will accomplish this in coordination with the Board of Directors of the Sandinist bloc," Tijerino said.

Unofficially, LA PRENSA learned that there are a total of five members in the third Sandinist faction being promoted by Tijerino. They are Luis Henrique Figueroa, Marcia Quesada, Leticia Herrera, and Manuel Morales.

In remarks to this newspaper, Nathan Sevilla, coordinator of the so-called "official" faction of the FSLN, which the Renovators call "orthodox", said this faction includes eight parliamentarians.

They are Damaso Vargas, Daniel Ortega, Francisco Rivera, Roberto Laguna, Benigna Mendiola, Gladys Baez, Omar Cabezas, and Nathan Sevilla.

This means that the faction led by Dora Maria Tellez of the MRS would include 26 deputies to complete the 39 deputies obtained by the FSLN in the 1990 elections.

However, an MRS source revealed that the MRS legislative block will eventually be reduced to 19.

Tijerino added she has spoken with the two Sandinist legislative factions. "The two Sandinist groups sometimes assume inflexible positions. However, we must admit that within the two legislative block certain leaders have flexible positions," Tijerino commented.

In Tijerino's opinion, the difference between the three political factions is that some belong to the FSLN, and others to the MRS.

"In addition, we, the active members of the FSLN that have not relinquished that status, have a clear viewpoint regarding the existence of these two Sandinist factions, and that is why we are trying to find — by defining our own identity — the unity and convergence of those two factions," Tijerino said.

"We have pointed towards Sandinist unity, to expedite a meeting toward that end — the coordination of the three groups of Sandinist deputies — which we substantially initiated today," Deputy Tijerino added.

Asked whether the third Sandinist faction would be subject to the decisions of the legislative laws of the orthodox or the renewal group, Tijerino replied "to neither one."

"We have never been subject to the decision of the MRS. The position of the faction has been the position of the faction. The fact that it sometimes coincides with the position taken by the party is another issue, in the same way that we have sometimes agreed with the conservatives," Tijerino concluded.

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Panama

President Addresses Legislative Assembly

PA0209034695 Panama City Radio and Television Network in Spanish 1816 GMT 1 Sep 95

[Speech by President Ernesto Perez Balladares on occasion of opening of the Legislative Assembly sessions at the Legislative Palace in Panama City — live]

[FBIS Translated Text] Your Excellency Carlos Alvarado, president of the Legislative Assembly, Your Excellency Arturo Hoyos, president of the Supreme Court of Justice, Your Excellencies First and Second Vice Presidents of the Republic, Honorable Legislator Balbina Herrera, outgoing president of the Legislative Assembly, Your Excellencies Ministers of State, Your Excellencies Ambassadors, and Representatives of Diplomatic Missions accredited in the Republic of Panama, Honorable Magistrates of the Supreme Court of Justice, Honorable Magistrates of the Electoral Tribunal, Honorable and Respected Government and Opposition Legislators, Invited Guests, Members of the Media, My Fellow Countrymen:

Exactly one year ago, when I took over the office of president of the Republic, I described that event as an opportunity that democracy offers me to work for the benefit of Panama, and to attempt to change the course of the nation. On that date, I took on the responsibility, not as a personal tribute, but as a commitment to serve the country with vitality and dedication, by exhibiting whatever sacrifice may be required to challenge the country's severe national problems. At that particular moment of my life I asked God not to make me deviate from the objective of governing for all Panamanians, with a spirit of justice, liberty, and tolerance. It is with a sense of personal satisfaction that I can say, one year later, that I have been faithful to the principles and objectives I announced the moment I took over the office of president of the Republic.

During this year I have worked nonstop in the search for solutions to the complex social and economic problems plaguing the country. I must admit that it has not been an easy task, and to a certain degree, it may have been more difficult than anything I had anticipated. Nevertheless, I was committed to the effort of combining formulas of understanding, agreement, dialogue, and communication between all sectors of Panamanian life. In addition to this, I have also been constant in making the exercise of power a activity of meditation, equanimity, and conciliation between the various interest groups found in the midst of Panamanian society.

Since the first months of the electoral campaign the topic of the economy became my foremost concern. Once elected president and afterward, actually as president, problems of the national economy and the unpostponable need of making it modern, dynamic, and competitive, took first priority in my work agenda. This is a task that should have been accomplished many years ago and the enormous difficulties I had to face did not escape me. Such difficulties as personal and sectoral interests, economic practices based on privileges and favoritisms, conspired against our reform proposals.

Consistent with our way of thinking and with what we consider the best route to reach a national agreement, we summoned all active forces of the Panamanian economy to hear their opinions on the topic and so that they could contribute with their knowledge and experience to the study of laws to modernize the national economic structure.

All commerce and industry, unions and professionals, banking and finance, entrepreneurial sectors and organizations, participated in this consultative process, thus having many opportunities to express their opinions — opinions which we in the government accepted with the greatest respect. We made frank and open dialogue the method of choice because it was in our best interest that these laws be the result of a process of active participation and discussion by all organizations to do with the country's economy.

Over several months, long and fruitful multisectoral work sessions were held. Our national goal was to adopt a body of structural reforms to the national economy and its production system. Panama's development needs made these reforms unpostponable.

Panama's development and progress cannot rely solely on our domestic market, in a world of open economy where competitiveness and efficiency have become essential instruments of success, and where modernization and structures, economic practices, free market participation, and free competition have replaced the old practices of protectionism enjoyed by privileged groups. Growing unemployment, the homeless, and the worrying poverty index, make it urgent for the government to work toward national goals of development that allow our markets to expand to international scale.

We must leave behind economic policies that are isolationist, closed, and short-sighted. We are a small country with a population of 2.5 million, whose domestic market imposes growth limitations to the productive sector.

We must go beyond our borders and seek new and bigger markets. We must increase our exports to generate the new jobs we urgently need. My government clearly understood that we had an enormous task to carry out. Obviously, there was also an easy option: Do nothing.

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In our opinion, that is suicide and irresponsible policy. We never had any doubts about the best option for the country and that is why we faced the task of implementing a series of laws to modernize the Panamanian economy — not with the intention of mortifying anyone or affecting private interests, but to take the first step toward the country's economic recovery. This should entail new capital investments, both local and foreign, which allow the creation of new jobs for the thousands of Panamanians who are currently unable to bring the daily sustenance to their homes because they lack a permanent and well-paying job.

As a result of the dialogue and consultation process we have mentioned — and the efficient and valuable support of this Legislative Assembly — the country now has, after one year of government work, laws on generalization of tax incentives, national education law reforms, and the norms with which to regulate and modernize labor and management relations. These laws, along with others we will submit during the current Legislative Assembly period — including the defense for free competition — will comprise a series of legal and administrative measures striving to turn the Panamanian economy and state per se into modern, flexible, and efficient organizations.

Other complementary legislative initiatives that the executive branch will submit to the Legislative Assembly deal with the protection of trademarks and severe norms aimed at preventing the use of our merchant marines for the illegal trafficking of immigrants. Likewise, bills have been drafted with the intention of expediting the investigation of transactions that are suspected to be the result of money laundering. Our incorporation to the world economy necessarily implies respect for universally accepted norms that give transparency to trade and respectability to our banking center. The task has not been easy but we feel satisfied with the progress achieved thus far.

We are about to begin an important work for economic development and growth. We have barely laid the groundwork for an endeavor that will take some time to yield the final results of all the Panamanian people's efforts and sacrifices. The national government has assumed its appropriate role as the legitimate representative of the majority interests of the Panamanian nation, without joining any specific sector. We believe the modern exercise of power is to establish a median, a social and political position that must be assumed by the government for, and on behalf of, the vast number of people who do not feel represented by the groups which defend the interests of certain sectors. These groups are trying to claim a majority leadership that does not belong to them.

Our economic policies have constituted a bet favoring the general and majority interests of the country in a consecrated and sustained fashion for these first 12 months of government. For the first time, a Panamanian government designs and promotes a body of legislative and administrative initiatives as part of a national development strategy. For the first time in Panama, the reforms to the labor laws are made within the context of a set of reforms to the national economy. The execution and implementation of this set of administrative laws, actions, and strategies must help achieve the main objective of these economic policies — namely, new and major investments that will create the jobs the country requires to face the current critical unemployment rate.

There are no magic formulas to resolve the problems of investments and job creation. We have not set a date to achieve the objectives of our economic policies, because they depend not only upon our actions, strength, and efforts, because other factors and elements alien to our own resolve have an impact on this matter. What we have indeed affirmed and what we are now stressing with a full sense of responsibility is the fact that we are fully devoted to the task of modernizing the Panamanian economy and making it efficient and competitive. We are using a great deal of energy to achieve the objective of selling the image of a country where investments are a good deal, where there indeed is a good climate for these investments, and where the current government has created the favorable conditions to ensure that companies that will generate these thousands of new jobs that the country needs and that the Panamanian private investments alone cannot create will open here.

The structural reforms to the Panamanian economy; the opening of new markets; the end of protectionist policies, monopolies and oligopolies, and the privileges for the productive sector; the slackening of the Labor Code; and the enormous needs the country's development imposes are equally forged into a major challenge not only for the government, but for the Panamanian private sector and local businessmen, who now must face a competition stemming from the opening of markets that do not have the shield of protectionist laws to face this competition imposed by the modernization and the dynamics of the globalization of markets. Private Panamanian companies must modernize themselves, use new technologies, be efficient, renovate themselves to improve their production, and make themselves competitive.

I must recognize before you, honorable legislators, and before the face of the country and my fellow nationals, that we have not obtained the success expected in the fight against crime, which drug consumption and trafficking mainly generate. I know and am aware that the country continues to face, and is faced with

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serious and delicate security problems as a result of the criminal violence that keeps jeopardizing the lives and peacefulness of citizens. We cannot hide the fact that the measures and efforts geared toward fighting crime have been insufficient. Accepting this reality, however, does not mean that we will stop appraising the determination and efforts the authorities in charge of guaranteeing public order have shown, as the Constitution and the laws of the Republic stipulate.

The increase of surveillance has been considerable. There are many more Public Force units in the streets and areas where crime occurs most frequently. Risking their own lives, our policemen have increased the operatives to dismantle criminal bands in the same places where they take refuge. We have obtained important victories in the struggle against drug-trafficking activities. This has even been acknowledged at an international level. Also, we have gradually equipped our police organizations with better equipment and more resources, thus, giving them positive support in the compliance of their duties. Everyone has witnessed the internal purges in the police organizations to eliminate corrupt members who, unfortunately, had become embedded in those institutions a very long time ago.

This dispassionate account of the situation, necessarily prompts us to reflect on the implementation of new methods and the drafting of new strategies that will allow us to continue to defeat crime; a source of big distress throughout our entire social organization. We understand perfectly well that crime can only be vanquished if we attack its true causes, the social problems and the economic hardships that prompt it. Thus, the government has aimed its actions in precisely this direction and, to this end, it's main priority is to totally and completely, transform and modernize the entire Panamanian society.

During this year, I have also placed an interest and given special support to the presidential commission that studies the creation of the ombudsman office. We understand the ombudsman position as an institution that will complement the legal control systems of the attorney general's office. It must act expeditiously and its main duty is to protect human rights. We believe the establishment and operation of the ombudsman office will be a positive contribution to strengthen our democratic system.

Our education system entered a serious and dangerous deterioration phase more than 16 years ago. The clash between opposing concepts and the conflict on the substance of the education that was to be given to our students, triggered a crisis that continued, without any possible solution, for 15 years. The consequences are known and have been suffered by all. The price has been none other than to lag behind in such a dynamic and vital sector. Not being up-to-date in education, not marching at the rhythm of the changes that occur in this sector means that our people have become more impoverished. The effects of a deficient education system are well-known. It will not allow us to progress in a world that increasingly demands human resources that are qualified and well-trained

To change this course, the highest authorities in the education sector had to do away with the narrow mentality, based on intolerance and revenge, that prevailed in previous years.

That fundamental change enabled the summoning of all sectors involved and interested in the issue of education, which in turn allowed us to accomplish in less than a year what had been unattainable during a period of 15 years. All that was necessary then was for the authorities, teachers, parents, and students to become convinced that the welfare of the nation's education sector should be over and above all emotions, and partisan, as well as electoral postures, so that this Legislative Assembly could finally be in a position to approve this long-awaited legislation. Today, to the satisfaction of everyone, we now have a legal tool, which if used wisely, will serve to guarantee the transformation of the teaching-learning process. The approval of the Education Law took place within the framework of an intense and sober national debate. In this manner the government's disposition to propitiate the solution to all problems by turning to methods of agreement, dialogue, and permanent consultation regardless of how sensitive, delicate, or controversial the issue in dispute may be.

In carrying out our renovation program, we decided to modernize labor relations with the objective of introducing new guidelines capable of contributing to the growth of employment in the country. The main direction of all efforts to modernize the labor sector consisted in attempting to ensure a national consensus. I must say today that this Panamanian experience, which is something wholly ours, has caught the attention of several Central American nations in need of a national agreement as an instrument to their own domestic pacification process. Our experience has also caught the attention of European nations interested in promoting those same domestic reconstruction and pacification processes taking place throughout the region.

Labor relations tend to affect all aspects of society. However, the main features of labor relations allow us to easily identify all main protagonists who in addition to the government, include workers, as well as employ-

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ers. This allowed us to undertake a vigorous effort at ensuring a national agreement in a topic that affects the entire country, and comprises very distinctive issues. Long months of dialogue and analysis preceded the presentation of a proposal to the Legislative Assembly that included most of the far reaching issues that were evaluated at the Tripartite Commissions. All parties involved were urged to contribute with their most valuable experiences. Summons were made over and over again, but some sectors decided to disregard our calls and instead turn to violent actions and confrontation. The dialogue was never closed. From the executive branch it went to the Legislative Branch, but in accordance with the law. There was not one single moment of rest or pause in this quest to equip the country with new mechanisms that, will allow us a real option to welfare and progress. Today, I would like you to allow me to express my deepest sense of solidarity with the relatives of those who died during the disturbances that broke out when the Legislative Assembly was debating the new provisions related to modernizing labor relations. It is precisely because of this that I reaffirm my deepest belief in the virtues of a dialogue.

When the capacity to agree is defeated by the fury of radicalism, there is always a possibility for sadness and tragedy, which generally falls upon our humblest fellow citizens.

I reiterate what I have said before: The Panamanian people did not elect me to spend my tenure turning my back on the nation's problems. Nowadays, a president must have a program that responds to the needs of reality, have an orientation characterized by coherence, and plot courses to find solutions to the problems. It is precisely this invigorating and teaching spirit that leads a country to overcome its difficulties. It does not matter if some of the measures that need to be adopted have some degree of what is called political cost. What really should interest us is to place the fatherland above everything — special interests, clans, and groups. The fruits will be collected by the entire nation — a nation made bigger by its resolve to change, improve, and progress.

We see work modernization with this spirit of optimism. No essential right has been violated, no labor institution has been replaced to perform worse. We have taken a step forward in the improvement of the relationship between workers and employers, which turns out to be more dynamic than the speed of the law. This forces us to make the latter adequate so it can contribute to the rescue of jobless Panamanians.

The national government also decided to give a renewed boost to foreign policy and in general, to the creation and application of new criterion in our international relations. With a clear understanding of the need to broaden the range of our foreign links, the Republic of Panama has been able to rapidly transform its international image with clear and obvious results. Panama is now a member of the Rio Group, it has been incorporated as an observer state to the Andean Pact, and it actively participates in political and social coordination efforts in Central America. Meanwhile, it has taken important steps to deepen relations with Caribbean countries, which are increasingly becoming more protagonist.

This deep belief in the need to reiterate Panama's international presence, wherever this is possible, has served as a basis and inspiration for carrying out in our country the San Jose XI ministers' meeting, a meeting of coordination and consultation between Central American countries and the important bloc of countries comprising the EU.

All of this responds to the emphasis on the country's foreign policy — a policy that does not acknowledge procrastination or inertia. Given the prevailing understanding that exists with respect to its international potential, Panama is now turning to its enviable position to widen the scope of its economic relations. We are speaking about an in-depth decision in the management of the country's foreign policy: attract foreign investments in order to accelerate the country's development and ensure progress. From there, we move to the institutional creation of the Foreign Export Promotion Commission (PROPANAMA), an organization assigned to the Foreign Relations Ministry. The objective of this commission, which it has already started to carry out, is to coordinate all attempts that will allow foreign investments to contribute to the country's improvement.

These decisions fully complement each other with the creation of the Panama Canal Transition Commission which will be responsible for ensuring the smooth transfer of the interoceanic seaway on 31 December 1999. It is for this reasons that a bill proposal that will regulate the management of the canal after the year 2000 is currently being drafted. The organic law of the Panama Canal Authority will provide the legal framework to ensure that the movement of sea vessels between the two oceans will continue in an efficient and reliable manner as is currently taking place. To this end, as stipulated by constitutional norms, we expect to guarantee that workers still employed by 31 December 1999 will not undergo a decline in their standard of living.

In order to meet its responsibilities in matters related to the adequate management, custody, and utilization of

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all reverted areas and assets, the national government counts with the Interoceanic Region Authority [ARI] responsible for promoting projects along the banks of the canal. Panama, aware of its mission as an international maritime link, will bring about the special conditions that will encourage large-scale foreign investments with the perspective of becoming an international commercial, maritime, industrial and tourism development center.

With the signing of contracts related to the drafting of the Regional Plan, as well as the General Plan of Use, Conservation, and Development of the Canal Area, the ARI is preparing the studies that will provide the Republic of Panama a scientific perspective of the most advantageous use than can be given to the reverted land of the former Canal Zone, and its water basin. My administration has decided to summon a Universal Congress of the Panama Canal which will be taking place in Panama City in September 1997. During this congress, canal users, government representatives, exporters and cargo owners, ship builders, maritime transport operators, international organizations, financial institutions, in short, the international maritime community in general, will be able to meet to directly learn about the progress made in this canal transition process. They will also learn about the measures Panama is adopting so that the management of the canal under Panamanian control as of 31 December 1999, will continue being efficient, safe, and inexpensive.

The country's foreign policy will continue with this same route but through new avenues. We are aware of our limitations. Nevertheless, we are also aware that a nation's greatness resides in its capacity to overcome its small geographical size and adequately utilize its resources in such a manner that its national importance surpasses its size. There lies the key of our different international policy which in a short period of time has been able to restore the country's image beyond our borders. Our commitment in the struggle against drug trafficking has received international recognition. We are signatory of the Mutual Legal Assistance Treaty with the United States and with other friendly nations.

We are on the right track to comply with our destiny — that is to progress and advance constantly. Of course, none of these objectives can be achieved with actions that are limited to our own borders. Many areas are open to hear our country's voice and even if it is physically and financially impossible to satisfy all the requirements for Panama's international presence, on exceptional occasions, it is necessary to make trips abroad to participate in meetings of great significance. I, personally, do not like to leave — not even for short periods — the internal tasks that are required for our country to progress and develop, however, I understand that we cannot live in isolation from the rest of the world. Most of the components in our economy depend on foreign countries and this obliges us to make a few trips. Those trips always yield economic, political, social, or cultural benefits for Panama.

I will initiate a trip to the United States, Japan, Taiwan, and Phillipines in a few days. The trip is precisely to promote investments and to explain our country's current and future comparative advantages and guarantees to potential investors. We, thus, reaffirm our identity as a country that is aware of the promissory destiny that awaits it.

We are just starting, and already we feel there is a government that is constantly making achievements. We have worked for just one year and we can already see the country is changing — this time for the better — to one that is filled with light. Panama has left behind its lethargy. It has a government. It has perspectives. The nation is filled with ideas and the ideas become actions. That is why education has started to change, health has started to change, and the roads have started to change. The same can be said of our labor relations, foreign policy, bidding system, tax inequality. All this has been changing and, at the same time, true democracy is being practiced in Panama. All this will make the country's dreams of progress, which do not have any political banners, a reality. Thank you very much my friends. [applause]

President: Says Bases To Become 'Economic Emporiums'

PA0309184995 Panama City MAGAZINE DOMINICAL EL SIGLO in Spanish 3 Sep 95 p 6

[Report by Cynthia J. Sanchez]

[FBIS Translated Text] President Ernesto Perez Balladares has stated that the Interoceanic Region Authority (ARI) will turn into "economic emporiums" what today are military bases. He also indicated that Panama will be "equal to the task" of managing the Panama Canal when it falls under its responsibility.

The president stated this yesterday during the ceremony in which Forts Davis and Espinar in Colon Province were transferred to Panama, as established in the 1977 Torrijos-Carter Treaties.

Perez Balladares said he has no doubt that the country will be "equal to the task" when it faces the challenge of administering the Canal, and, despite the delays in

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the ARI, the reverted areas will be given the greatest collective use.

He indicated that the ARI is an important institution because the Canal users and potential investors are focusing on it. This means that what is done or not done will have an effect on those sectors' perception of Panama's ability to manage the interoceanic waterway.

He added that ARI's mission is to promote investments in these areas, "just as we will do in the working tour we begin tomorrow. In this way, the jobs and revenue lost with the closing of these military bases will be replaced very soon."

It must be stressed that according to the Canal treaties, this will be the second transfer of military installations to Panama. The first was Fort Grant [as published] in 1984.

Fort Davis will become an industrial park with Taiwanese capital. It will begin operating in 1996 and will generate approximately 20,000 jobs.

Fort Espinar covers 2,140 hectares, has 331 single-family housing units, 29 four-family units, and five single units: 78 of the units have four bedrooms, 99 have three bedrooms, and 159 have two bedrooms. It also has an elementary school for 356 students, a motel with 19 rooms and two suites, dormitories for 58 people, and a food store.

The installations and structures of the two forts being turned over by the United States are estimated to be worth approximately 52 million balboas. According to the Southern Command, that figure does not reflect their value.

From 1979 to the end of 1993, the U.S. Army has turned over to Panama 420 buildings and 6,478 hectares. To this must be added the installations reverted this year, including Fort Davis and Espinar, which represent more than 7,000 houses and 1,790 hectares. [figures as published]

From 1996 to 1999, the United States will transfer 4,272 buildings and 31,175 hectares. We have learned that all these assets have been estimated to be worth between 5 billion and 30 billion balboas.

For his part, the ARI administrator announced that talks are being held with the Tourist Consult consortium to install at Fort Espinar in 1996 a regional Latin American tourism school with the support of the Inter-American Development Bank (IDB).

"This will be the first higher education institution to be installed in the reverted areas within the City of Knowledge project" proposed by the executive.

General Barry McCaffrey, commander in chief of the U.S. Southern Command, described the ceremony as a "historic moment" and stressed the "leadership and energy of President Perez Balladares" to achieve a successful transfer.

McCaffrey said that by returning these installations to Panama, the United States "reaffirms its conviction and commitment to comply with the Canal Treaties." With this return, the presence of troops in the Atlantic sector is "greatly" reduced to only two military facilities.

It is important to note that on 7 September, we will commemorate the 18th anniversary of the signing of the Torrijos-Carter Treaties. Today, there is much controversy over whether or not they should be modified.

All the civilian and military facilities administered by the United States in the Panama Canal will revert to the Panamanian Government prior to 31 December 1999, as established in the Torrijos-Carter Treaties.

President Urges Joint Struggle Against Drug Trafficking

PA0509233195 Panama City EL PANAMA AMERICA in Spanish 4 Sep 95 p 1A

[Report by Henry Raymont from Quito, Ecuador]

[FBIS Translated Text] According to Panamanian President Ernesto Perez Balladares, the 12 countries participating in the Rio Group summit, should unite to "resolutely combat" drug trafficking activities and money laundering. This position, he said, is necessary so that an economically integrated Latin America "can play a larger role in global commerce."

One of the issues to be broached by the chiefs of state and foreign ministers meeting in the historical capital city of Ecuador, is an Inter-American accord to give their collective support to the combat against the illegal flow of money that nourishes the scourge of drugs.

Perez Balladares travelled to that country accompanied by Foreign Minister Gabriel Lewis Galindo.

In an exclusive interview given to EL PANAMA AMERICA just before presenting his respects to Ecuadoran President Sixto Duran Ballen, the host of the event, President Perez Balladares said: "For Panama, it is fundamental that the objective of regional integration be reached." He added: "That is why we have to unite to resolutely broach the problem of money laundering and other forms of international crime that attack our democratic institutions and undermine our efforts to achieve greater economic growth and combat poverty."

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It is clear that there is willingness to move forward with a project leading to an Inter-American agreement against money laundering, a practice that provides financial oxygen to the major drug cartels.

Even before the issue had been propose at the Rio Summit, sponsored by the United States, Panama and Colombia had already launched a proposal for a regional instrument that would commit all government to unite efforts in order to monitor all channels used by drug traffickers to conceal their millions in revenues.

In pointing out that his administration had already sent a draft legislation to the assembly so that in-depth measures against drug trafficking could be adopted, Perez Balladares said: "It is not enough that a single country adopt these types of measures. All we have to do is control the sit·ation at the Colon Free Zone for drug traffickers to simply begin transferring their operations to other free zones such as Miami or Bahamas. What we require is joint action."

The Quito meeting coincided with efforts by several nations to encourage the Organization of American States nations to confront the complex problems of drug trafficking and corruption in a more decided manner.

Among other things, Perez Balladares confirmed that Panama would "very soon" be joining the Andean Pact already conformed by Ecuador, Peru, Bolivia, Venezuela, and Colombia.

"On this occasion we are here as observers, which is the first step, but I have no doubt that shortly we will be a full member as a matter of fact, with all corresponding privileges" of the Andean Pact, the president stipulated.

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Bolivia

Government To Inject $250 Million Into Financial System

PY0509195795 Cochabamba LOS TIEMPOS in Spanish 16 Aug 95 p A2

[FBIS Translated Text] La Paz, 15 Aug — Bolivian Finance Minister Fernando Cossio announced on 15 August the injection of $250 million into the financial and banking system to improve the operational capacity of the administration and to enable it to keep up with the economic expansion which is expected in 1996.

Cossio said: "We expect the Bolivian economy to grow considerably in 1996, partly because of the capitalization program and partly because of the inflow of private and domestic investments that we feel the country will receive."

He made it clear that the measures the executive branch will take are not aimed at salvaging any bankrupt or teetering bank. He said: This fund is a long standing project of the Banks Superintendency and the Bolivian Central Bank. He added: "It is not a recent development prompted by current circumstances."

Cossio explained that since the Bolivian economy will expand, its financial system should grow, should become more efficient and competitive, and should have more assets.

Cossio said the Bolivian banking system is unable to back up the capitalization of state companies by President Sanchez de Lozada's administration.

He argued that when the National Electric Power Enterprise [ENDE] was capitalized, no local bank was prepared to handle the $140 million that investors paid for ENDE stock, so "we had to go to the CityCorp in New York."

He added: "There is another example. In 1994, YPFB [Bolivian Government Oil Deposits] needed a $30 million loan to finance its operations. No single Bolivian bank was able to lend this money to YPFB, which was forced ask CAF [Andean Development Corporation] for the money."

Cossio thus explained Bolivia's urgent need to strengthen its financial system and its private banks through a $250 million fund.

The minister explained that the CAF which will grant $100 million; the IDB will grant $70 million; the World Bank will grant $40 million; and the Bolivian Central Bank will put up $40 million. The fund will thus have $250 million.

Cossio explained that the private banks will repay the loans from their profits or from money that new shareholders bring in. Cossio said this will be one way to repay the loans.

Brazil

Visiting ROK Minister Protests High Car Tariffs

PY0209032295 Sao Paulo AGENCIA ESTADO in Portuguese 2038 GMT 1 Sep 95

[Report by Raul Pilati]

[FBIS Translated Text] Brasilia, 1 Sep (AE) — The Brazilian government will explain to its trade partners at the WTO its decisions to raise import tariffs on cars to 70 percent and to set car import quotas. Acting Foreign Minister Santiago do Rego Barros said: "Brazil would like to discuss the issue at the WTO to explain that the measure was provoked by the imbalances that affected the Brazilian balance of payments during the early months of 1995."

Two meetings have already been set — for 10 September and 9 October — in Geneva, Switzerland, for Brazil to explain its position to its WTO partners. This process, do Rego Barros said, will prevent Brazil from having to give the same explanations to each partner separately. Today, do Rego Barros met with South Korean Foreign Minister No-myong Kong, who strongly requested that Brazil suspend its high import tariffs. Do Rego Barros said: "He had already made the same request to President Cardoso himself."

Kong said that the tariff hike upset South Korean expectations. South Korea's exports to Brazil increased by 266 percent during the first half of 1995 compared to that of the same period of 1994. While bilateral trade totaled nearly $2 billion in all of 1994, it already totaled $1.6 billion as of June this year, with South Korea's trade surplus amounting to $382 million.

Despite the Brazilian decision to raise its trade barriers, Kong said large South Korean companies are firmly determined to invest in Brazil, the auto sector included, through projects now being prepared by Hyundai ($400 million during the first stage) and Kia Motors. Dorothea Werneck, the Brazilian industry and commerce minister, has said that the companies Goldstar, Danwood, and Samsung have already confirmed their decision to build factories in Brazil. Furthermore, Bohang Iron and Steel and the Rio Doce Valley Company are preparing a joint project totaling $215 million.

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President To Ease Curbs on Imported Korean Cars

SK0209030695 Seoul YONHAP in English 0108 GMT 2 Sep 95

[FBIS Transcribed Text] Buenos Aires, Sept. 1 (YONHAP) — Brazilian President Fernando Enrique Cardoso said Friday that he expects his government will soon lift restrictions on imported Korean automobiles, an official, accompanying Foreign Minister Kong No-myong on his visit to five South American states, said.

Cardoso made the remarks citing a recent improvement in Brazil's trade balance when asked by Kong to ease restrictions on imported Korean cars to the South American nation, the official said.

The Brazilian president invited President Kim Yong-sam to visit Brazil, while expressing his hope that he would visit South Korea sooner or later, according to the official.

Cardoso also said that Brazil, as the chaircountry of the Federation of International Football Association (FIFA), will seek ways to render help to South Korea in its bid to host the 2002 World Cup soccer tournament, according to the official.

Foreign Minister Kong also had a meeting with his Brazilian counterpart Sebastiao Do Rego Barros Netto to discuss Brazil joining the Korean Peninsula Energy Development Organization (KEDO), the official said.

Barros also said that his government will hold consultations with the Korean government to seek ways to ease the restrictions on imported Korean automobiles.

At the end of the foreign minister's meeting, Kong and Barros signed extradition and investment guarantee agreements.

Kong finished his tour Friday of the five South American states, including Ecuador, Peru, Chile, Argentina and Brazil, and will fly to Japan to attend the funeral ceremony of former Japanese Prime Minister Takeo Fukuda before returning to Seoul on 7 Sep.

President Holds Confidential Talks With Opposition Leaders

PY0209015495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Aug 95 p 3

[Article by Carmen Kozak]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has been holding confidential talks with friends who belong to opposition parties. The most recent meeting was held on 28 August with Deputy Miro Teixeira (Rio de Janeiro), leader of the PDT [Democratic Labor Party]. Cardoso also likes to hold talks and learn the opinion of PT [Workers Party] congressmen, such as Jose Genoino (Sao Paulo) and Paulo Delgado (Minas Gerais). The meetings have been held separately and frequently since Cardoso's installation. Their atmosphere is always informal and the objective is to make a political evaluation of Congress.

At least for the time being, these talks do not seek political rapprochement between the government and the opposition. According to a person who participates in the meetings, Cardoso understands that he should not take any step that may threaten the government's political support base in Congress, which is made up of conservative parties such as the Liberal Front Party, the Progressive Renewal Party, and the Brazilian Labor Party. "This is why everything is so secretive. We have already agreed that if the information leaks, we will deny everything," an opposition congressman said.

Justice Minister Nelson Jobim is the middleman in these talks. He is the one who schedules (and also attends) the meetings, which are almost never held at Planalto Palace and Alvorada Palace. An aide said that Jobim generally does not give his opinion during the meetings and listens most of the time while smoking his pipe.

Deputy Miro Teixeira is the opposition congressman who has held talks with President Cardoso most often, an important government official has said. The first talk was held a few days after Cardoso's installation, on 20 January, on the presidential plane. Since then, the two have been meeting practically every two weeks, each time in a different place. In a recent talk, Cardoso and Teixeira entirely discarded the possibility of a government rapprochement with the opposition. They made a very frank exposition of their objectives in this regard.

The president believes that he cannot give up the three-fifths of the deputies' and senators' votes, which are required to approve the extension until 1999 of the Social Emergency Fund enforcement period. "The future of the Real Plan depends on that," Cardoso usually says. At the same time, the opposition — particularly the PT and the PDT — must draft a political program that may enable them to expand their area of influence in the municipal elections to be held in 1996 and the presidential elections to be held in 1998.

An opposition deputy who has been attending these meetings said: "There is nothing strange in these talks. I oppose President Fernando Henrique Cardoso's administration, but this does not prevent me from holding talks with my friend Fernando Henrique." In public, they make a point of denying having held these meetings, even to their congressional bloc colleagues. Another congressman who has been holding talks with

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President Cardoso said: "I don't want to have any problem with the party." The president does not discard the possibility of preparing the scenario for a rapprochement with the leftist parties in 1996.

PFL Against Cardoso's Reelection, Extension of FSE

PY0509191695 Sao Paulo AGENCIA ESTADO in Portuguese 2349 GMT 4 Sep 95

[Article by Ricardo Amaral]

[FBIS Translated Excerpt] Brasilia, 4 Sep (AE) — The PFL [Liberal Front Party] has started a guerrilla war against its ally, the PSDB [Brazilian Social Democracy Party]. This war will have repercussions on the legislative process as well as on the 1996 municipal elections. The PFL no longer supports President Fernando Henrique Cardoso's reelection, the extension until 1999 of the Social Emergency Fund (FSE) enforcement, and will present candidates for mayoralty of the largest Brazilian cities. The PFL still does not criticize the president of the Republic, but this does not apply to the PSDB main figures.

Viewing comments by Sao Paulo Governor Mario Covas on the imminent end of the PSDB-PFL alliance, Deputy Benito Gama (PFL-Bahia), said: "The 1996 ballot boxes will shut Governor Covas' mouth."

Acting PFL President, Deputy Jose Jorge (Pernambuco), did not want to make comments on Covas' statement, because he is respecting the two-week truce agreed upon by President Cardoso and the two parties' presidents. He said: "It is better to remain silent." Another PFL member said that the truce has become a Vietnam War and that the government can expect surprise attacks from the PFL.

One of this war's strategies is to compare the performance of PFL governors to that of PSDB governors, but only in the areas in which the PFL governors' performance is better than that of the PSDB ones. Before leaving for the United States, PFL President Jorge Bornhausen received data on the resources the state governments allocate for their payrolls. He found out that only the states of Maranhao and Bahia, both of which have PFL governors, are complying with the constitutional article establishing that only 60 percent of the states' budgets can be used to pay for the salaries of their public employees. Sao Paulo is spending almost 80 percent and Rio de Janeiro, which is also governed by a PSDB governor, spends 78 percent. The most influential PFL members are keeping close track of these figures. [passage omitted]

Covas, Oliveira Object to Extension of PFL-PSDB Alliance

PY0509191295 Sao Paulo AGENCIA ESTADO in Portuguese 2154 GMT 4 Sep 95

[FBIS Translated Excerpt] Brasilia, 4 Sep (AE) — President Fernando Henrique Cardoso has realized that the 15-day truce he had asked the PFL [Liberal Front Party] and the PSDB [Brazilian Social Democracy Party] for is something with which the two parties could not comply. Planalto Palace spokesman, Ambassador Sergio Amaral, today said that the president is seeking to "turn the page" on the two parties' dispute. He also said that "the two parties' support of the fine reforms the government has been implementing in the country is more important than any circumstantial disagreement." Amaral added: "The government proposals have been receiving support from various areas, as well as support that goes beyond parties. This is an important sign of maturity of the political process."

Today, the Congress gave signs that the truce is over. PFL congressmen were irritated over the words of Sao Paulo Governor Mario Covas (PSDB). Covas discarded the possibility of extending the PFL-PSDB alliance until the next elections. PFL leader at the Chamber of Deputies, Inocencio Oliveira (Pernambuco), has announced that the alliance will definitely not be valid for the municipal elections and scorned Governor Covas. [passage omitted]

PMDB Postpones Convention, Seeks Candidate for President

PY0109185195 Sao Paulo AGENCIA ESTADO in Portuguese 2238 GMT 31 Aug 95

[By Joao Domingos]

[FBIS Translated Text] Brasilia, 31 Aug (AE) — The PMDB [Brazilian Democratic Movement Party] today postponed its national convention and the election of a new party executive board for 1 October. A meeting was scheduled for 8, 9, and 10 September. After this decision, those who oppose the isolated and rejected candidacy of Paes de Andrade (CE) [Ceara] to the presidency of the party gained time to find another candidate for the election. Among the possible candidates is Deputy Alberto Goldman (SP) [Sao Paulo].

"It was the birth of a porcupine," said deputy Saraiva Felipe (PMDB) (MG) [Minas Gerais], one of Paes de Andrade's contenders and the coordinator of the movement for postponing the convention. PMDB President Luiz Henrique (SC) [Santa Catarina] revealed the change of the convention day after meeting with party leaders in the Chamber of Deputies Michel Temer (SP)

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[Sao Paulo] and in the Senate, Jader Barbalho (PA) [Para], and with Alberto Goldman, Aloysio Nunes Ferreira (SP), Moreira Franco (RJ) [Rio de Janeiro], and Joao Almeida (BA) [Bahia]. Aloysio Nunes was also invited to attend.

The problem began when the nine party governors vetoed both candidacies, the one of Paes de Andrade and the one of Jader Barbalho, who resigned. Since the beginning of the week, concerned PMDB lawmakers of Minas Gerais, Goias, Santa Catarina, and Rio Grande do Sul have looked for an alternative candidate to Paes de Andrade. They visited the offices of Luiz Henrique, Jader Barbalho, Senate President Jose Sarney (PMDB) (AP) [Amapa], Senator Iris Rezende (PMDB) (GO) [Goias], Alberto Goldman, Michel Temer and Aloysio Nunes. Between their visits, the lawmakers voted in the Chamber of Deputies and in the Senate. An official of the PMDB leadership said that never before had that "building" been visited by so many Minas Gerais and Goias lawmakers.

Liberal Front Party Issues Note on Party Principles

PY0209010595 Sao Paulo AGENCIA ESTADO in Portuguese 2254 GMT 31 Aug 95

[FBIS Translated Text] Brasilia, 31 Aug (AE) — Herewith the text of a note released today by the PFL [Liberal Front Party] National Executive Commission:

"The National Executive Commission of the Liberal Front Party, in a meeting attended by members of the PFL 2000 Special Commission, adopted the following resolutions:

1. Approve the work thus far done by PFL 2000 subcommittees, and encourage their continuation, with a view toward preparing the party for the elections of 1996, 1998, and 2000.

2. Authorize the distribution of the "Program of Party Action" draft, setting 28 September as deadline for receiving the amendments that will be submitted to the rapporteur for the purpose of supplementing and improving it.

3. Call for a National Executive Committee meeting for 6 October, when the Commission will receive the final text of the 'Program' for revision and for submitting it to the National Convention.

4. Emphasize that the new party "Program" updates and supplements the ideas and topics included in a document released during the founding of the PFL in 1985. Such ideas and topics have consolidated the achievements and progress that Brazil has made in its efforts to modernize its political, economic, and social structures.

The National Executive Commission, after studying the draft, approved a PFL 2000 Committee decision whereby as of now, the party will:

a) reaffirm its status of a party of the people and of the reforms, concentrating on these two issues as the base for its efforts for the country.

b) emphasize the party commitment to the struggle against inflation, with immediate reactivation of growth.

c) emphasize the pro-reform action by the party, expanding its efforts in favor of the economic, social and political reforms that are promoting modernization, the improvement of the living standard of people, and the attainment of true social justice.

d) strengthen the party allegiance to the principles of the modern liberal social doctrine.

e) consider the fight against the great regional inequalities in Brazil, and the commitment to economic development — consistent with the preservation of the environment — as essential party program targets.

f) in the area of reforms, emphasize the need for a broad tax reform simplifying and reducing taxes, and clearly establishing the jurisdiction and responsibilities of Union organs.

g) emphasize the absolute priority of a political-electoral reform enhancing the value of political activities, strengthening parties, and encouraging the participation of people in the making of national decisions.

h) Strengthen the PFL position regarding the project for modernization of the Brazilian state, preventing the reduction of the scope of ongoing privatization processes, partnerships, and concessions, which should be accelerated within the law and with due regard for ethical principles.

The National Executive Commission also emphasized that the party was and remains committed to the country. Because of this commitment, the PFL has assumed a constructive position — which the party will continue to uphold — in favor of the changes that will help Brazil and its people.

Our leaders will be driven by the spirit to serve people and by the highest and most noble vision of politics. We will continue with this spirit on the domestic front, giving loyal cooperation to the government of President Fernando Henrique Cardoso and of Vice President Marco Maciel, who were elected through a partnership that we made from the very beginning, and whose program of government includes ideas that we have always upheld."

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[dated] Brasilia, 31 August 1995

[signed] National Executive Commission,

Liberal Front Party

Highlights of Patent Law Rapporteur's Views

PY2908175595 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Aug 95 p A10

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] On 30 August, Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] will submit his opinion on the patent law bill to the Senate Economic Affairs Committee. His proposal has more than 100 modifications to the bill that the Chamber of Deputies approved in 1993, and to a report drawn up by Senator Ney Suassuna (PMDB-PB) [Paraiba], which the Constitution and Justice Committee approved in May.

On 23 August, Bezerra informed Foreign Minister Luiz Felipe Lampreia about his own report. The minister, according to the senator, expressed concern about the delay in the approval of the law. If the Senate does not approve the bill, the U.S. Government will impose commercial sanctions on Brazil in October.

In general, the positions of Bezerra coincide with those of the government, but there are several points of disagreement with the opinions of Suassuna. One of the main differences deals with the form of exploitation of patents. The government, which has an explicit position, recommends the exploitation of patents only if parmaceutical products are locally produced. Suasunna and the bill approved by the Chamber of Deputies advocate the same position. Bezerra told this newspaper that he found another ingenious mechanism: Local production should "preferably" occur, in order to foster investment in Brazil. Yet if the scale of production is not sufficient for a profitable activity, the patent might be exploited through importation. In such a case, there will also be the possibility of importation by other agents, that is, the owner of the patent will have to compete with the same product, imported without his authorization. "This will encourage entrepreneurs to produce in Brazil," the senator said. If there is economic power abuse and market shortage, a compulsory exploitation license will be granted to a third party.

Concerning the pipeline (a guarantee for the patenting of a product that is still in the laboratory testing phase, over the remaining protection time established in the country where it was first granted), Bezerra said that his position is similar to that of the government: The "pipeline" protection will not reach the products that are already being sold in Brazil and abroad. The difference lies in the emphasis: "In the text, I clearly state that no harm whatsoever will be done to the local industry, because there will be no retroactivity or compulsory payment of royalties on products that are already on the market."

The opinion of Bezerra on the "pipeline" is totally opposed to that of the Chamber of Deputies, which authorizes the protection of products in a laboratory development phase, and for which no patents have yet been granted. Bezerra also disagrees with Suassuna, who only gives the guarantee of the intellectual property agreement ("TRIPS") [trade-related intellectual property rights] of the World Trade Organization (WTO), that is, none. TRIPS recognizes as new products those for which patents were requested as of 1 January 1995, along with possible "marketing exclusivity" for a maximum period of five years. This is not equivalent to the "pipeline" protection.

Chile

Negotiators Skeptical About Quick Agreement With NAFTA

PY0509185595 Santiago EL DIARIO in Spanish 1 Sep 95 p 18

[FBIS Translated Text] Andres Concha Rodriguez, representative of the Chilean private sector, and Jorge Kaufmann, representative of the Chilean government and chief negotiator for the elimination of customs tariffs, agreed on 31 August that the internal political debate in the U.S. Congress is the main source of problems and concern as far as the negotiations to bring Chile into NAFTA are concerned. According to Concha and Kaufmann, the demand to eliminate the system for the solution of disputes provided for in Chapter I spearheaded by U.S. Senator Robert Dole was prompted by this internal political debate.

Concha and Kaufmann lectured during the conference entitled "Mercosur [Common Market of the South] and NAFTA: Two Gateways for Chilean Exports," which the Association of Exporters of Non-traditional Manufactured Products and the Sud Americano Bank had organized.

Kaufman emphasized that the system for the solution of disputes "is essential" for Chile to be able to handle conflicts arising from antidumping measures. He said: "If pressure groups attempt to eliminate this mechanism we will not be able to continue negotiating."

He added: "It is not a question of spiking the talks but of remaining true to Chile's position of seeking ways to comply with the provisions of the treaty without amending the latter."

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Concha explained that Dole's demand to amend the system for the solution of disputes is based on the fact that this is a temporary mechanism agreed upon by Canada and the United States.

The negotiators were not very optimistic about the time it will take to reach an agreement with the three North American partners.

Concha said that if the U.S. Congress does not grant President Bill Clinton the power to use the fast-track approach for the negotiations, the issue will be postponed until the end of 1996.

The Chilean officials have made it clear that they are not prepared to wrap up the negotiations unless their interlocutors have decision-making power.

Kaufmann hinted in his lecture that the talks could take quite some time: "We are ready for lengthy, and possibly unfinished negotiations," he said.

The prevailing skepticism did not prevent the team of private and government NAFTA negotiators from working as usual. Private businessmen will be surveyed soon for their opinions on the effect that joining NAFTA may have on the prices of components and finished products.

Kaufman explained that the survey will be aimed at assessing the impact that the period of transition toward zero customs tariff may have on businessmen who work with components imported from the United States, and on those who sell their finished products to NAFTA members.

Concha said that Chile must be prepared to quickly finalize the agreement because if President Bill Clinton receives permission to use the fast track, he will want to wrap up the negotiations before the electoral campaign begins.

Chilean, U.S., Canadian, and Mexican negotiators will resume their technical meetings in September.

Interior Minister on Reconciliation Proposal

PY0509125595 Santiago LA SEGUNDA in Spanish 25 Aug 95 pp 16-18, 20

[Interview with Interior Minister Carlos Figueroa Serrano by M. Soledad Vial; place and date not given]

[FBIS Translated Text] [Figueroa] What happened to us after the ruling on General Manuel Contreras [former chief of the National Intelligence Directorate]? A number of things exploded in our face. We knew that we were doing a good job on this path of consensus, adjustment, and goodwill in the democratic transition. And suddenly, bang! We have been hit by all these things: debates, tensions, more organized demonstrations, and other less institutional matters.

Then, what the president did was to enable the people to see the real situation. That is the most valuable element of his speech, in addition to making a call to work for reconciliation. He said: "We have not solved these matters, and the time has come to deal with them because they are stressful now and will cause more stress later."

[Vial] With the sincerity and ardor that characterize the interior minister, Figueroa described the storm of events that began on 30 May and which this week ended with what has been termed the "Frei proposal."

Although Carlos Figueroa admits to being tired after months of hard work, of "political meetings," and of an intense week of trips to Valparaiso, he is above all optimistic. The path looks long — "of several months," he admits — but there is a beginning, and it is a "very good beginning."

Do you think that the environment is appropriate when a large number of senators have expressed their opposition?

[Figueroa] [laughs] More than what you can imagine. The senators have expressed their opposition to a specific part, and that is legitimate. Concerning the human rights project, there are politicians who say that their proposal is better. But joining the debate is good in order to contribute ideas. The stage of decisions will come later and things will turn out well.

[Vial] Then, will both of the initiatives of the government and of the opposition receive parallel treatment?

[Figueroa] No, no, no. There is no need for simultaneous treatment. There is a type of treatment called urgency. Our project is urgent, the other is not, but we do not intend to create a problem because of that. There is also the special session. I would personally think that it is a mistake to ignore our deference to them and not include the proposal of the rightist senators into the agenda.

Procedurally, we are willing to make everything possible so as to advance toward one thing which, as a result of the talks we have held, is in a better position than that which is limited to a simple vote tally. Had we worked in line with that, we would have not submitted the projects and much less would have we submitted them to the Senate.

[Vial] But although it values them, the government did not include in its proposal any of the points of the opposition proposal.

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[Figueroa] That is because we find them inefficient. The proposal seeks truth concerning the missing detainees, reconciliation, and finding the bodies to bury them. But the mechanism proposed is inefficient because it closes the processes instead of allowing one to seek the truth.

[Vial] Is it possible to find points of agreement when both projects have differences in essence?

[Figueroa] The rightist senators explicitly state that their main interest is focused on establishing the whereabouts of the missing detainees and to move toward reconciliation. That is also part of and the justification of the Republic president's overall proposal. In that sense one could say: We are facing an idea that we need to legislate. Surely the proposal of the right is a different path from that chosen by the government, but I think it is possible to find points of agreement.

[Vial] But will one of the two projects have to be pushed aside considering that it is impossible to combine the two?

[Figueroa] That's right. I intend to work on our project, and this is an intention and not an imposition because it is much more complete. The rightist proposal has a stumbling block — the Supreme Court report, which states that it is not possible for the judges to keep investigating material things such as the whereabouts of the remains of missing detainees, considering that all charges have been dismissed once and for all.

[Vial] But for the time being the government has been successful only in one of its projects, that of human rights...

[Figueroa] The fact is that others were not on the agenda. Only regarding the Armed Forces' organizational law is there a statement by the rightist senators that worries me, since it's at the congressional level. I say so quite frankly. For each initiative, why doesn't each group prepare a small statement ahead of time to say that it disagrees, to avoid all the congressional work — he jokes. Unfortunately, that attitude by the rightist senators is not in keeping with respect for Congress. This is a problem of discussing and voting, of approving or rejecting, at the Defense Committee and at the session hall. But I was not aware of this idea of rejecting a proposal because of previous remarks.

[Vial] Some claim that amendments to the Armed Forces organizational law would prevent them from fulfilling their constitutional role, that of being guarantors of the institutional system.

[Figueroa] Wait a minute. The presidential power to decide on promotions and retirement of Armed Forces officers is stipulated by the 1980 Constitution. We did not put it there, the military junta did. Why was it good during the government of General Pinochet and not now? I wish somebody could answer this question for me.

[Vial] Are you saying...

[Figueroa] I am saying that everyone must obey the Constitution, that an organizational law must comply with the constitutional provision. I am saying that this law does not comply with the constitutional provision.

[Vial] But it was not declared unconstitutional.

[Figueroa] How could it be declared unconstitutional by the Constitutional Court if it was issued at the moment the Armed Forces were leaving the government? It was a law issued at the last minute. But if we compare the text of the Constitution with that of the law, this is unconstitutional.

[Vial] Is the president or the government taking advantage of this situation to modify all the "authoritarian enclaves" that are bothering it?

[Figueroa] It is not that they are being bothered. The country demands it.

[Vial] Do you admit then that the government is embarking upon subjects that go beyond reconciliation...?

[Figueroa] No. To become a member of a reconciled country it is not sufficient for me to solve all the pending trials if I feel that my presidential power has been diminished.

[Vial] But doesn't that have to do with the human rights issue?

[Figueroa] The problem is that you start from a false premise. To say that reconciliation only has to do with human rights represents a simplification of the issue. There are other aspects like these authoritarian enclaves; diminishing the presidential powers; the nonsubordination of the Armed Forces to the presidential power; and the fact that there is a Constitutional Court that has assumed the role of a supreme court. What does a National Security Council have to do with naming members of the Constitutional Court? That could have happened in a given moment of fears and safeguards, which is not the case today.

[Vial] Some constitutional experts such as Deputy Teodoro Ribera claim that other reforms are at play, such as the change in the binominal system, transformation of the district division of the country...

[Figueroa] That is not true and not valid at all. It is a mistaken view of the issue, because the binominal system is not contemplated in the Constitution. I would

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thus ask the said constitutional expert to read the organizational law.

[Vial] But does it imply a change in the binominal system?

[Figueroa) Of course not. The binominal system is contemplated in the voting and vote tallying law, not in the Constitution. Please, what kind of a constitutional expert is he?

[Vial] When introducing into the Constitution that each district will have "at least two senators" and not "two" as it is today, isn't the government project opening the door to a possible reform of the electoral system?

[Figueroa] Countries such as the United States, for instance, which has a binominal system, elect one congressman one year and the other during the following three years, not simultaneously. The proposal opens up the possibility of having alternatives in the binominal system, but we are not changing it. It is not our intention to change the binominal system.

[Vial] But it is also said that since the number of regions has not been stipulated, there is the possibility of changing the country's political organization.

[Figueroa] That is true. What happens is that the chapter of the Constitution that refers to the regions does not say that there are 13, and the possibility is that there can be more. But when we reach the chapter referring to the senators, it says that they are elected in 13 regions. What we did was to make that chapter equal to the other.

[Vial] Returning to the issue of the Armed Forces...

[Figueroa] The president of the Republic today has the power to promote because he can refuse to endorse them. He can leave one officer stagnated. Now, if the commander in chief wants to leave him where he is, it means that his subordinates will become his superiors. Is this the manner of handling the Armed Forces?

Concerning retirements, the Constitution grants him the power to send all officers into retirement. What we are proposing is only the call to retirement of the generals by decree, following a consultation with the respective commander in chief. No one is proposing to cut any heads. Concerning the concept of hierarchical organization, even in the neighborhood clubs the president has more authority than the others. Here the case is just the opposite. This is an elemental point that does not require a minute of analysis....

[Vial] For you nothing requires a minute of analysis....

[Figueroa] But it is true. The problem is that the debate on the Armed Forces is being politicized, and on this I fully agree with the National Renewal and the Political Commission declaration, that it is absolutely technical. We are willing to analyze it technically. I am willing to go to the debates to which I am invited on this matter. We are not even talking about restoring the presidential powers bestowed by the 1925 Constitution, in which the Armed Forces have never been politicized.

The president has constitutional powers which are much more serious, such as declaring war. No one can think that a president elected by approximately 60 percent of the votes, in whom the country has placed its confidence, when he is granted a power like this he is going to use it to politicize the Armed Forces. Which president are you talking about?

[Vial] Wouldn't this situation make the military career more unstable, affecting the professionalism of the Armed Forces?

[Figueroa] It does not make the military career unstable because all these officers we are talking about have submitted their retirement request after 30 years of service. I would like someone to read the statement Defense Minister Edmundo Perez Yoma delivered before the commission, which shows that the military career, at the rank of generals and admirals, is in essence unstable.

[Vial] How do you interpret General Pinochet's call to his men to "keep silent?"

[Figueroa] Long time ago I stopped interpreting Gen. Pinochet's remarks. They always surprise me. But I am not going to be an interpreter anymore.

[Vial] If the Armed Forces organizational law is not approved, would the government be willing to accept discussion only on the other parts of its proposal?

[Figueroa] I have said that each project will be analyzed separately. It is not a package. We will make the effort to have them all approved, otherwise we would have not submitted them.

Yesterday we took a good step which shows that we have been successful in the Senate, despite the fact that we do not have a majority, because senators understand that the country is looking at them. And 87 percent of the country that supported President Frei's proposal will be watching to see how they voted for previous agreements and will not discuss nor try to achieve consensus with the commissions and inside the session hall.

[Vial] What the government wants, then, is that the right be burdened with the political cost of the failure of this proposal?

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[Figueroa] No. What I want is that the proposal be approved. But if the right rejects all this, it will have a very high political cost.

[Vial] The right has taken the initiative of sending a proposal, and now, has the government managed to recover it, and if it fails, will it endorse the political cost?

[Figueroa] What we expect is the debate and the possibility of an agreement, which we believe is possible. We are not looking for political dividends or for payment of the costs.

[Vial] When the president gets involved, does he assume that a possible failure of his proposal will also mean failure for himself?

[Figueroa] Those are the risks run by the state's political leadership. It is a risk, but not necessarily of failure, because on making a proposal of this nature, no one can think that it might be a failure when 87 percent of the country says that it is good.

[Vial] What if the proposal fails in Congress?

[Figueroa] Then the responsibility will be of those who contributed to its failure, not of those who proposed it.

But truly, we have not considered the possibility of failure. The environment is too good in the country. Each and every one must make a decision: The political leaders, the parties, the senators, and deputies who vote, will have to think very well about the opinion the country will have about them if they make something like this fail.

"Next week — he says emphatically — we will have all ministers touring the country. They will be meeting with intendants, governors, mayors, councilmen, congressmen from the coalition, and organizations from all regions. We are going to stir up the country to turn this political agenda into a national issue.

[Vial] Will the government accept Congress' approval of just parts of the proposals?

[Figueroa] Of course. What we will not accept — and I want to be very clear on this — is that as a result of the proposed changes, that our proposals be changed. The government will reject any proposal of that type in the Chamber of Deputies, where we have a majority.

[Vial] Will a definite dismissal change, to your judgement, the proposal on human rights?

[Figueroa] To say it in terms that will be well understood: If the idea is to turn the proposal into an amnesty, the government will not simply accept it because it changes the proposal.

[Vial] Are parties of the coalition [PPD] willing to accept the approval of the human rights proposal and not the other reforms that are proposed?

[Figueroa] What the PPD and the government want is approval of the entire proposal.

[Vial] But in practice...

[Figueroa] We will see the facts. I am not the PPD, I am simply a minister of this government. We have made a proposal that has received the absolute support of the PPD. We have worried much, for instance, on whether there was agreement among the senators of the coalition to act with ironclad unity. There will be no private initiative. We have named a commission to conduct it so that there will be unfaltering discipline.

[Vial] Does the government bill also benefit those who are facing trial for this type of crime?

[Figueroa] No. There is a special disposition so that those who are under arrest or facing trial will not be included in this proposal.

[Vial] Then neither those facing trial in the "Soria case" nor [former National Intelligence Directorate agent] Osvaldo Romo will be set free.

[Figueroa] I am not aware of the details of those proceedings.

[Vial] Public opinion has realized that the two people closer to the president have had disagreements and have shouted at each other.

[Figueroa] A soap opera has been prepared on this, and it is not something casual. Edmundo Perez Yoma and I think that there is a political operation behind this, and we know where it comes from. They want to affect the circle closer to the president in an effort to destabilize him.

[Vial] But disagreements have existed.

[Figueroa] Please. I have seen disagreements 100 times stronger at the political level, among senators and parties. The important thing is that disagreements are to be clarified and that we act in line with the president. We both support each other in our tasks, and the president as well, of course.

The argument did not happen the way the media portrayed it, at least that's what we think, because we have known each other for 25 years. This goes to show that people do not know us, that they do not know the level of our friendship, that we are very close friends, that they know nothing of society, that we have experienced very difficult times together in our lives.

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[Vial] It is also said that the government proposal looks much more like the one you had proposed.

[Figueroa] It is not true. We have exchanged ideas at the political committee and I admit that I have changed; I was in favor of a proposal through the narrow road, then one through the wide road.

[Vial] Rumors circulated the week before the president delivered his proposal here at La Moneda Palace that you had tendered your resignation to the president should your idea be rejected.

[Figueroa] Never. I would be very presumptuous to impose a condition of that nature. I am here to support and follow the president's policy. Thus, I want to reaffirm that I have never submitted my resignation, and much less with that condition. That is also part of some plan.

If I am conducting this whole political operation as the president has told the party blocs, I do not think my resignation could be on his mind.

[Vial] Won't he make any changes in his cabinet?

[Figueroa] I see no reason for that.

[Vial] Did Allamand tell you to start thinking about learning how to dance the cueca because it is reportedly a tradition that interior ministers are usually changed on 18 September?

[Figueroa] (laughs) This is not a subject that keeps me worried, and I do not think it could be on the agenda of the government or of the president.

[Vial] In that supposed fight with Perez Yoma, the problem has reportedly been the ambitions of the two.

[Figueroa] That my ambition would be of becoming defense minister and his of being a minister of interior?

[Vial) No: Yours would be to become a future presidential candidate.

[Figueroa] You had already asked me that once, but do not waste your time. Those who are trying to talk me into that are mistaken. They do not know me. What I feel — I have said it once and I reaffirm it now — is a great inclination toward public service. Had I had political aspirations I would have been candidate for something. I have never been one either inside or outside my party. The posts I have had have been of public service: agriculture under secretary, minister of economy, campaign leader at the lower levels where I decided to cooperate, and then foreign minister, and minister of interior. I have not asked for any of those posts. That is signed and sealed.

[Vial] And that ambition that you say you don't have, does the defense minister have any?

[Figueroa] Edmundo has, and understandably so, a great interest in politics. I am happy for that. I consider myself a man of public service more than a man of politics.

"The overall proposal does not mean that we have tied it to a rope and are saying: 'You either take this little package or we leave the Senate.' The treatment of an overall agenda is because the president and the country think that the reconciliation issue and the democratic enhancement are two faces of a single coin," the minister explained.

[Vial] But there are certain aspects of that "coin" to which the opposition and the Armed Forces are already opposed.

[Figueroa] Let us suppose that we have not touched the National Security Council issue. The president tomorrow could be facing a vote on unconstitutionality concerning the law on government acts issued by his subordinates, the commanders in chief. Doesn't that cause tension in the country? I think this is a very serious situation and it was about to happen during the government of President Patricio Aylwin.

[Vial] The right has said that it is willing to consider each project on merit. Let's go for the merit.

[Figueroa] The proposal on trials for human rights violations is just, consistent, and balanced. One of the masterminds of the initiative of the right, Ricardo Rivadeneira, used to say that "we have to bury the dead." How are we going to bury them if we cannot find the remains and not even the circumstances in which they died? For this reason it is just. The designation of special judges to be dedicated to these cases is a procedure that helps us clear those cases, and then dismiss the case once and for all. This makes it a consistent proposal. Last, it is balanced because it takes into account the two factors that have caused "tension:" the anxiety of relatives not knowing where the remains are and the annoyance of the Armed Forces members who do not want to be unjustly dragged into trials in which they have no responsibility.

[Vial] The relatives of missing people say that it is not enough for them to know the circumstances of their death but they want punishment for those responsible.

[Figueroa] Today we have 800 dismissed cases in which there is nothing, neither justice nor truth. In the 160 cases in which some records have been obtained, they were not the result of trials but of information provided by the Vicariat of Solidarity or achieved by the Truth and Reconciliation Commission. This proposal further

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seeks to obtain truth on matters about which we have no truth today.

We are creating incentives so that the truth may be told. Today, those who tell the truth know that they are helping to have that case dismissed.

For this reason we have been opposed to the proposal of the right, which discourages the handing over of records. If any deadline is established, whether 90, 180, or 360 days, he who has the truth will wait for the deadline to expire. Why tell it, then?

[Vial] The opposition proposes that with the temporary acquittal, there is no incentive to hand over records, because there is fear that the cases will be reopened.

[Figueroa] No. With both the current situation as with our proposal, the incentive is to cooperate. Providing the truth can lead to a definite dismissal.

[Vial] What would someone who has records gain today if he did not surrender them?

[Figueroa] He would not be submitted to a trial and the information he provides would be restricted. Otherwise, although temporarily acquitted, that trial would remain open.

[Vial] But if he does not provide the records the trial will neither be reopened.

[Figueroa] That is so, but nor will he have a definite acquittal.

[Vial] The Armed Forces and yesterday, Navy Commander Admiral Jorge Martinez Busch denied that they have records on the whereabouts of the missing detainees.

[Figueroa] He said that the Navy has no information, not that any member or former member of the Navy has any information.

[Vial] Does the government initiative that proposes a "secret notebook" that would then be destroyed give real guarantees of secrecy to those who cooperate?

[Figueroa] It absolutely provides guarantees that his identity will be kept secret.

[Vial] Is it not possible that the records of that secret notebook be leaked out to the press, for instance?

[Figueroa] I can assure you that I have not seen in the press any record on the secret inquests.

State Ordered To Pay Compensation to Human Rights Victim

PY0109175295 Madrid EFE in Spanish 1710 GMT 13 Aug 95

[FBIS Translated Excerpt] Santiago, 13 Aug (EFE) — A court has ruled on 13 August that the Chilean state will have to pay 100 million pesos ($263,000) in compensation to the family of a Christian Democratic Party [PDC] member who was tortured to death by security service agents in 1984, under the military regime.

The appellate court of La Serena, a city 472 km south of Santiago, is the first court to rule in favor of a claim linked to human rights violations. According to some lawyers this will set a legal precedent that will allow relatives of other victims to file similar claims.

The case involves PDC militant and teamster Mario Fernandez Lopez, who was arrested and tortured to death by agents of the National Intelligence Center (CNI) in La Serena in 1984.

The court found Army Major Carlos Herrera Jimenez and Armando Cabrera Aguilar, a noncommissioned officer of the Carabineros (militarized police), guilty of exercising unnecessary violence that led to the death, and sentenced them to 10 and six years' imprisonment, respectively. [passage omitted]

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